

**CEDAR CITY, UTAH**  
**FINANCIAL STATEMENTS**  
**and**  
**SUPPLEMENTARY INFORMATION**  
**with**  
**INDEPENDENT AUDITOR'S REPORT**  
**YEAR ENDED JUNE 30, 2005**

**CEDAR CITY, UTAH**  
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Year Ended June 30, 2005

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## **FINANCIAL SECTION**

# Wilson & Company

Certified Public Accountants / A Professional Corporation

## Independent Auditor's Report

The Honorable City Council

Cedar City, Utah

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of Cedar City, Utah as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cedar City, Utah as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2005 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis, as listed in the financial section of the table of contents and budgetary comparison information on page 58 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements of Cedar City. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

  
WILSON & COMPANY  
Certified Public Accountants

Cedar City, Utah  
December 29, 2005

## MANAGEMENT'S DISCUSSION & ANALYSIS

This section of Cedar City's (the City's) annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2005. Please read this discussion and analysis in conjunction with the City's financial statements.

### FINANCIAL HIGHLIGHTS

- The City's total net assets at the close of the fiscal year totaled \$121,926,961. This amount is comprised of \$93,633,276 in capital assets net of related debt, \$13,349,369 of other restricted net assets and \$14,944,316 in other unrestricted net assets.
- Prior to all transfers in and out of the general fund, general fund revenues exceeded expenditures by \$3,884,976. After all transfers, general fund revenues exceeded expenditures by \$2,340,204. Transfers to the general fund for operating reimbursements and capital expenditures totaled \$727,649. Transfers from the general fund for capital projects, debt service and capital project reserves totaled \$2,272,421. Among the transfers from the general fund was one for \$350,000 to the capital improvement fund for future capital projects.
- The general fund's ending unrestricted fund balance of \$2,450,644 represents just over 17.5 percent of the total budgeted expenditures for the fiscal year ending June 30, 2006.
- The City's total long-term debt decreased \$469,564. During the fiscal year, the City entered into two capital leases totaling \$828,942 and a sales tax revenue bond for a new airport terminal of \$1,500,000.
- Total net assets for the City's business-type activities increased by \$6,497,165 of which \$71,155 can be attributable to a prior period adjustment described in footnote 16 on page 54.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The City's annual financial report includes: 1) this discussion and analysis, which serves as an introduction to the City's basic financial statements; 2) the basic financial statements comprised of the government-wide financial statements, fund financial statements, and notes to the financial statements; and 3) other supplementary information.

**Government-wide financial statements.** The government-wide financial statements include a statement of net assets and a statement of activities that provide a citywide perspective of the City's overall financial status. These statements are prepared using accrual accounting methods similar to those used in preparing the financial statements of private-sector businesses.

- The *statement of net assets* presents information on all of the City's assets and liabilities. The difference between assets and liabilities represents the City's net assets. Increases or decreases in net assets, when viewed over a period of time, may serve as a useful indicator of whether the financial position of the City is improving or deteriorating, respectively.
- The *statement of activities* presents information reflecting how the City's net assets changed during the fiscal year reported. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs irrespective of the timing of the related cash flows. Thus, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish between governmental activities, those principally supported by taxes and intergovernmental revenues, and business-type activities, those that are intended to recover all or a significant portion of their costs through user fees and charges.

The government-wide financial statements can be found on pages 16-18 of this report.

**Fund financial statements.** A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. This segregation is also used to ensure and demonstrate compliance with finance-related legal requirements. The City utilizes three types of funds: governmental, proprietary, and fiduciary funds.

- *Governmental funds* account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, these statements are prepared using modified accrual accounting methods, which measure cash and other financial assets readily convertible to cash and their balances available for use at year-end. As a result, these statements provide a short-term perspective of the City's general government operations and the basic services provided and may assist in determining the availability of financial resources that could be used in the near future to finance the City's programs.

A reconciliation between the long-term perspective of the government-wide financial statements and the short-term perspective of the fund financial statements is provided on page 20 of this report.

The City has identified three of its governmental funds to be major governmental funds requiring separate reporting. The remaining governmental funds are non-major funds and are included in the combining statements on pages 59-67 of this report.

- *Proprietary funds* account for the same functions and utilize the same accounting methods reported as business-type activities in the government-wide financial statements. Full accrual accounting methods are used and provide both long and short-term financial information. The City uses enterprise funds and an internal



service fund, types of proprietary funds, to account for its seven business-type activities.

Three of the City's enterprise funds qualify as major funds. The remaining four funds are classified as non-major funds and are included in the combining statements on pages 68-70 of this report.

- *Fiduciary funds* account for resources held by the City for the benefit of parties outside the City. The City has a fiduciary responsibility to ensure that these resources are used for their intended beneficiaries and purposes. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds cannot be used to finance City programs. The City's fiduciary responsibilities are reported separately in a statement of fiduciary net assets and a statement of changes in fiduciary net assets. These statements are prepared using full accrual accounting methods similar to those used in preparing proprietary fund statements.

Fund financial statements can be found on pages 19-27 of this report.

**Notes to the financial statements.** The notes to the financial statements provide additional information essential to understanding the government-wide and fund financial statements. The notes to the financial statements are on pages 28-57 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As was previously noted, increases or decreases in net assets, when viewed over a period of time, may serve as a useful indicator of whether the financial position of the City is improving or deteriorating, respectively. The City's total net assets, assets in excess of liabilities, totaled \$121,926,961.

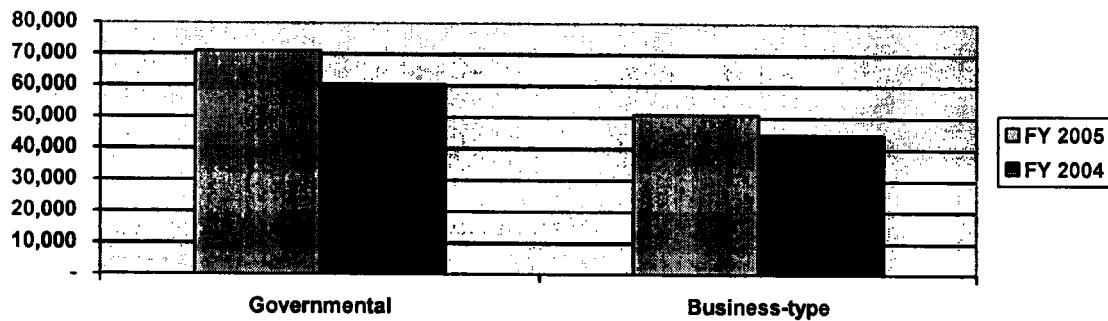
	CEDAR CITY'S NET ASSETS			
	Governmental Activities		Business-type Activities	
	2005	2004	2005	2004
Current and other assets	\$24,380,533	\$18,193,042	\$16,783,378	\$14,205,496
Capital assets	83,319,430	78,143,535	44,006,380	40,383,729
Total assets	107,699,963	96,336,577	60,789,758	54,589,225
Long-term debt outstanding	25,195,024	25,704,063	8,165,000	8,955,200
Other liabilities	11,538,259	10,204,699	1,664,477	1,169,202
Total liabilities	36,733,283	35,908,762	9,829,477	10,124,402
Net assets:				
Invested in capital assets, net of related debt	58,124,406	52,270,472	35,508,870	31,428,529
Restricted	9,304,368	6,259,108	4,045,001	1,608,052
Unrestricted	3,537,907	1,898,235	11,406,410	11,428,242
Total net assets	\$70,966,681	\$60,427,815	\$50,960,281	\$44,464,823

# CHANGES IN CEDAR CITY'S NET ASSETS

	Governmental Activities		Business-type Activities	
	2005	2004	2005	2004
<b>Revenues:</b>				
Program revenues				
Charges for services	\$1,709,215	\$1,613,099	\$6,609,334	\$6,178,208
Operating grants and Contributions	288,191	214,990		
Capital grants and Contributions	10,350,798	5,256,323	4,928,094	4,113,695
<b>General Revenues</b>				
Property taxes	3,664,721	3,508,868		
Other taxes	6,102,418	5,215,516		
Investment income	288,846	146,994	365,076	229,809
Other revenues	1,269,279	1,009,550		
Gain (loss) on sale/disposal of Assets	(289,045)	300,903	28,655	(4,272)
<b>Total revenues</b>	<b>23,384,423</b>	<b>17,266,243</b>	<b>11,931,159</b>	<b>10,517,441</b>
<b>Expenses:</b>				
General government	1,370,538	1,199,822		
Police protection	2,846,030	2,472,465		
Other public safety and inspection services	1,487,412	975,331		
Streets and highways	2,893,940	3,496,483		
Parks, cemetery and public Property	618,993	2,696,618		
Culture and recreation	1,512,175	1,250,024		
Public works	499,000	454,412		
Community and economic Development	429,794	394,211		
Transportation services	468,904	483,574		
Interest and fiscal charges	1,104,524	1,135,140		
Golf course			614,066	560,005
Water			1,949,940	1,816,413
Sewer system			523,914	479,982
Regional sewer plant			1,505,965	1,589,927
Solid waste			219,097	188,941
Storm drain			154,534	130,874
Public works facilities			30,963	
<b>Total expenses</b>	<b>13,231,310</b>	<b>14,558,079</b>	<b>4,998,479</b>	<b>4,766,141</b>
<b>Increase in net assets before Transfers</b>	<b>10,153,113</b>	<b>2,708,164</b>	<b>6,932,680</b>	<b>5,751,298</b>
Transfers	507,523	19,410	(507,523)	(19,410)
<b>Increase in net assets</b>	<b>\$10,660,636</b>	<b>\$2,727,574</b>	<b>\$6,425,157</b>	<b>\$5,731,890</b>

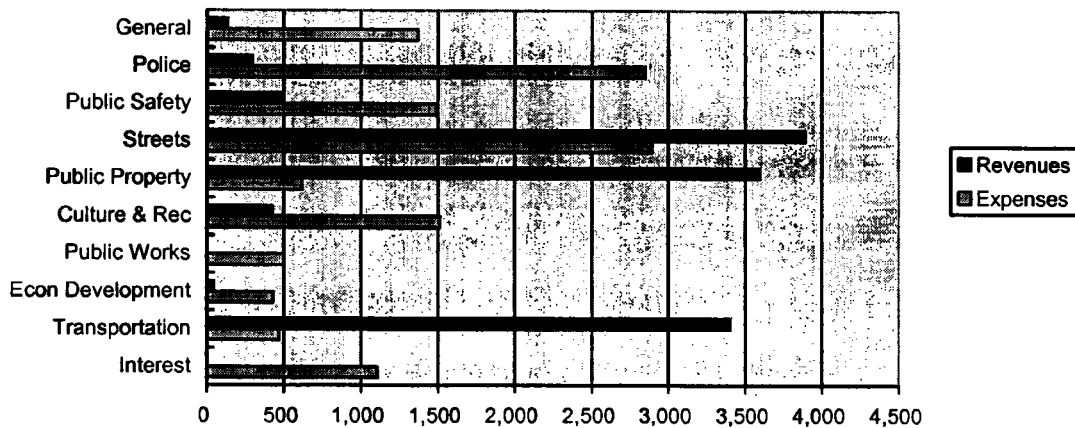
Governmental fund net assets increased from \$60.428 million to \$70.967 million during fiscal year 2005, an increase of 17.4 percent. Business-type net assets increased 14.6 percent from \$44.465 million in fiscal year 2004 to \$50.96 million in fiscal year 2005. This information is displayed in the graph below.

**CEDAR CITY'S NET ASSETS BY FUND TYPE  
FY 2005 & FY 2004 COMPARISON  
(In thousands)**

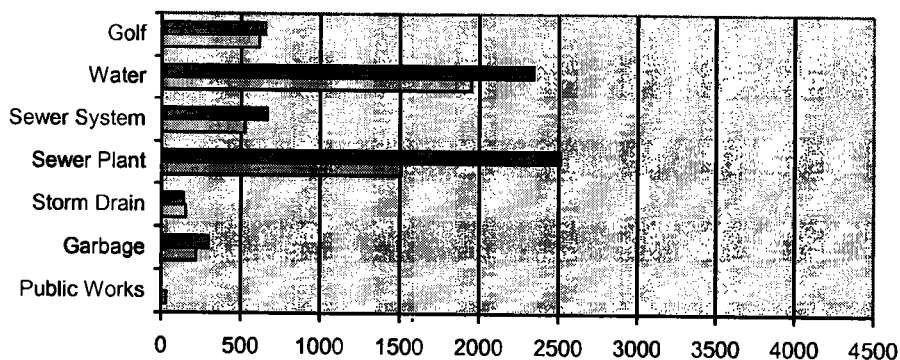


The following charts display program revenues and expenses for governmental activities and business-type activities for fiscal year 2005 as reflected in the statement of activities.

**PROGRAM REVENUES AND EXPENSES  
GOVERNMENTAL ACTIVITIES FOR FY 2005  
(In thousands)**



**PROGRAM REVENUES AND EXPENSES  
BUSINESS-TYPE ACTIVITIES FOR FY 2005  
(In thousands)**



### GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

As was previously noted, the City's governmental funds provide a short-term perspective of the City's general government operations and the financial resources available in the near future to finance the City's programs. Differences between available financial resources and the short-term obligations of general government operations are reported as fund balances. Fund balances are designated as either reserved or unreserved. Reserved fund balances indicate amounts of the fund balance set aside for specific purposes or to meet specific requirements.

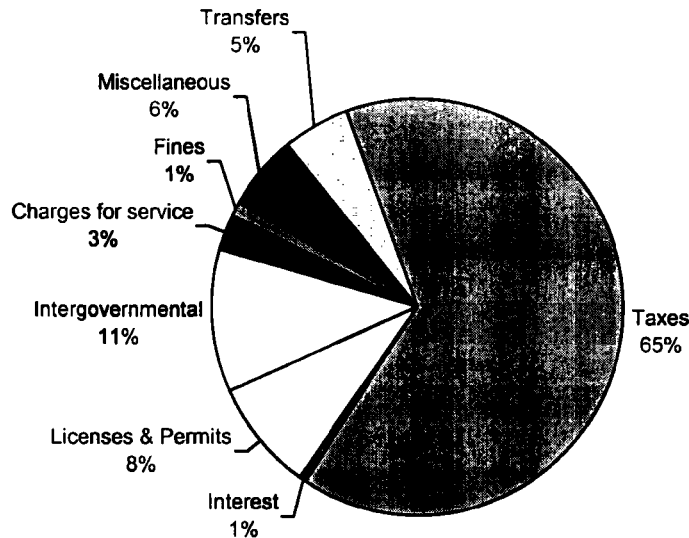
As of June 30, 2005, the City's governmental funds, which include the general fund, all special revenue funds, debt service funds and capital project funds, report a combined fund balance of \$13,850,049. This combined balance represents an increase of \$5,015,015 over last year's ending combined fund balance.

The general fund is the main operating fund of the City. All governmental-type activities not accounted for in a special revenue fund, debt service fund or capital project fund are accounted for in the general fund. Accounting for activities in funds other than the general fund may be required by state regulations, local ordinances, or the City may simply desire to isolate the revenues and expenditures associated with a particular activity for matching purposes.

The general fund fund balance increased \$2,340,204 to \$4.48 million during the fiscal year ending June 30, 2005. The \$2.45 million unrestricted fund balance represents just over 17.5 percent of budgeted expenditures for the fiscal year ending June 30, 2006. State law requires municipalities maintain a fund balance between 5 and 18 percent of the subsequent year's budget.

The following charts identify general fund revenue sources and function expenditures for fiscal year 2005.

**REVENUES BY SOURCE  
GENERAL FUND FOR FY 2005**



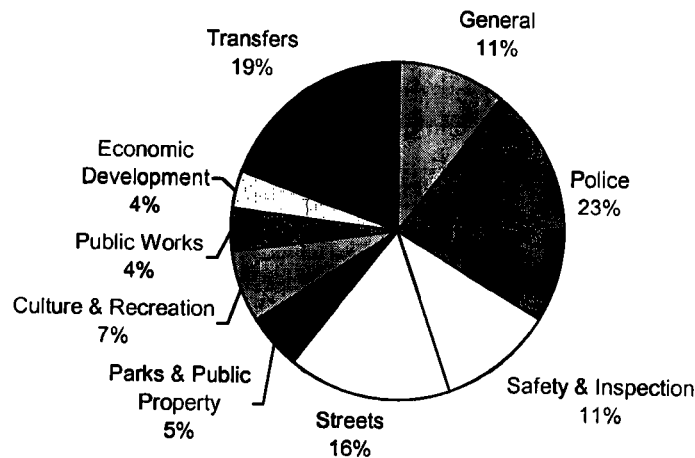
Taxes are the largest source of revenues to the general fund representing approximately 65 percent of total general fund revenues. Sales tax revenues account for approximately 42 percent of all of the tax revenues generated in the general fund while property taxes generated about 33 percent of the tax revenues. The remaining tax revenue is generated from franchise and energy taxes.

Intergovernmental revenues comprised of federal, state and local payments and grants account for 11 percent of the general fund revenues. Approximately 52 percent of this revenue comes from the State of Utah road funds. Payments from Iron County for services provided to the County by the City account for an additional 22 percent of intergovernmental revenues.

License and permit revenues make up approximately 8 percent of the general fund revenues and is the third largest category. This revenue category is almost exclusively comprised of building permit and business license revenues. Building permit revenue makes up 86 percent of the total license and permit revenues with business license revenue making up an additional 13 percent.

Miscellaneous revenues, transfers to the general fund from other governmental and enterprise funds, charges for services, fines and interest are the remaining categories of revenue within the general fund. When combined, these categories account for almost 16 percent of general fund revenues.

**EXPENDITURES BY FUNCTION  
GENERAL FUND FOR FY 2005**



The largest category of general fund expenditures, police functions, accounted for 23 percent of all general fund expenditures. Approximately 92 percent of the police expenditures were operating expenditures.

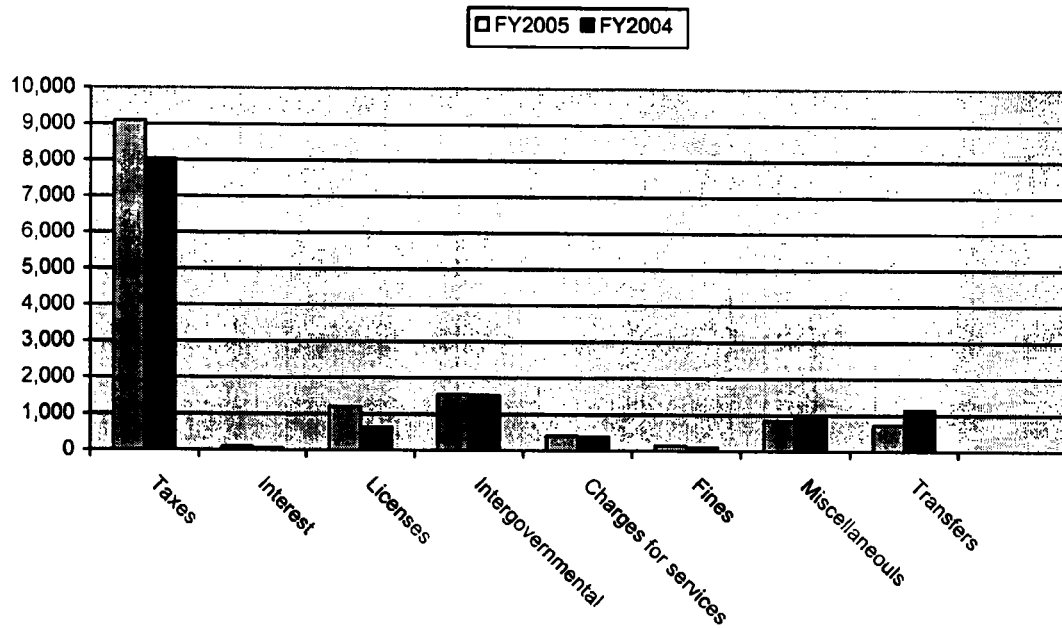
Transfers from the general fund to other governmental funds accounted for 19 percent of the total expenditures in the general fund. Approximately 69 percent of these transfers were made to cover debt service obligations. An additional 15 percent of total transfers from the general fund were to capital project funds for current or anticipated capital projects. The remaining 16 percent of transfers were made to special revenue and the internal service funds.

Expenditures associated with streets and highways totaled 16 percent of all general fund expenditures and comprised the third largest category in the general fund. Approximately 10 percent of all street and highway expenditures were for capital improvements. The remaining 90 percent was for operating expenditures.

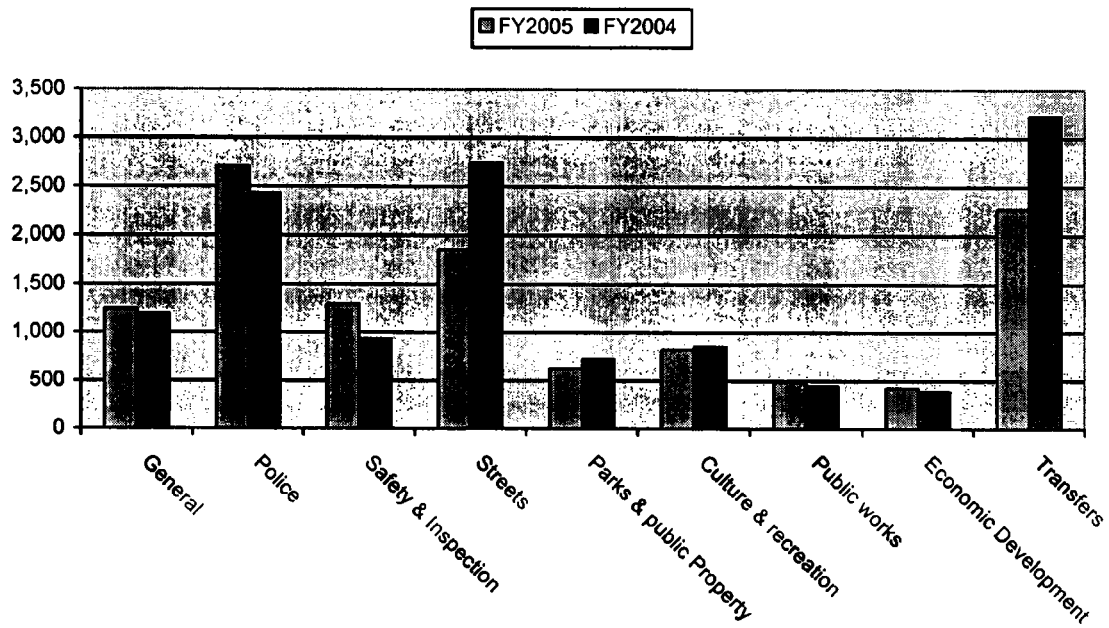
General government, other public safety and inspection, culture and recreation, parks and public property, public works and economic development comprise the remaining categories of expenditures in the general fund. The combined percentage of expenditures in these categories accounted for 42 percent of total general fund expenditures.

The following charts compare fiscal year 2004 and 2005 general fund revenues and expenditures by source and function.

**REVENUES BY SOURCE**  
**GENERAL FUND COMPARISON FY 2005 & FY 2004**  
(In thousands)



**EXPENDITURES BY FUNCTION**  
**GENERAL FUND COMPARISON FY 2005 & FY 2004**  
(In thousands)



As was previously noted, the City maintains six enterprise funds and one internal service fund to account for its business-type activities. The separate fund statements provide the same information, with more detail, as the information provided for business-type activities in the government-wide financial statements.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

The fiscal year 2005 originally adopted budget for the general fund totaled \$11,967,917. The City Council approved two budget revisions during the year. The first revision increased the budget by approximately \$918,000. Three main issues necessitated this revision. First, the special revenue fund established to track road revenues paid to the City by the State of Utah was integrated back in with the general fund at the recommendation of the Utah State Auditor's office. Second, capital projects that were anticipated to be complete at the end of the fiscal year 2004 were not complete. Thus, the unspent funds were appropriated for completion of the projects in fiscal year 2005. Third, grant revenues were secured subsequent to adoption of the original budget.

The second revision increased the budget an additional \$833,850. Over \$800,000 of this increase is largely attributable to a budgeted transfer of funds from the general fund to the capital improvement fund.

Actual general fund expenditures and transfers for the year ending June 30, 2005, totaled \$11,714,031. This amount is approximately \$254,000 below the originally adopted budget.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

As of June 30, 2005, the City had invested \$127,325,811, net of accumulated depreciation, in capital assets for its governmental and business-type activities.

### **CEDAR CITY'S CAPITAL ASSETS**

(net of depreciation)

	Governmental Activities		Business-type Activities	
	2005	2004	2005	2004
Land and water rights	\$29,665,549	\$28,726,823	\$1,806,606	\$1,806,606
Buildings	25,136,701	22,503,435	1,364,798	1,167,582
Improvements	20,431,810	19,906,710	36,771,511	34,633,000
Office equipment	224,146	100,602	3,607	4,156
Machinery and equipment	663,157	694,562	523,926	559,060
Automobiles and trucks	1,826,243	1,411,886	761,000	244,606
Construction in progress	5,371,824	4,799,516	2,774,932	1,968,718
Total	<u>\$83,319,430</u>	<u>\$78,143,535</u>	<u>\$44,006,380</u>	<u>\$40,383,728</u>



Capital assets costing \$50,000 or more that have been added to the City's capital asset list during the current fiscal year included:

- \$425,373 for a fire engine funded with capital improvement fund resources and capital lease proceeds
- \$124,400 for a mobile sewer video system funded with sewer collection fund resources and capital lease proceeds
- \$245,731 for a mobile sewer cleaning system funded with capital lease proceeds
- \$175,208 for a solid waste garbage truck funded with solid waste fund resources
- \$4,041,386 for a City library building funded with general obligation bonds
- \$66,380 for landscaping at the new City library building funded with general obligation bonds
- \$63,944 for shelving at the library funded with general obligation bonds
- \$50,487 for library management software funded with general obligation bonds
- \$70,877 for a sign at the south freeway exit funded with general fund resources
- \$1,039,883 for right of way acquisitions funded with C road funds, transportation impact fees, capital improvement funds and developer-contributed improvements
- \$1,559,739 for street improvements funded with C road funds, transportation impact fees, capital improvement funds and developer-contributed improvements
- \$1,493,762 for water system improvements funded with water fund resources, water impact fees and developer contributed improvements
- \$1,912,422 for sewer system improvements funded with sewer collection fund resources, sewer impact fees and developer contributed improvements
- \$66,796 for irrigation improvements at Bicentennial Park funded with park impact fees

Additional information regarding the City's capital assets can be found in the footnotes to the financial statements.

State statute limits the amount of debt a city may issue to four percent of the fair market value of the taxable property within the city's jurisdiction, which totaled just over \$1.41 billion for tax year 2004. An additional eight percent of indebtedness may be issued for water, sewer or electricity when such public works are owned and controlled by the city. Cedar City's debt limit based on 2004 fair market values is \$169,821,028 comprised of \$56,607,009 for the four percent and \$113,214,019 for the additional eight percent. In any case, the City's outstanding debt is significantly below the statutory debt limits.

At June 30, 2005, the City had total debt outstanding of \$34,358,698. Of this amount, \$4,610,000 is considered general obligation debt, which is secured by the full faith and credit of the City. Special assessment debt for which the City is liable if property owners fail to pay their related assessments totaled \$3,715,000. The remaining debt of \$26,033,698 is secured by future cash flows from specific revenue sources.

## CEDAR CITY'S OUTSTANDING DEBT

	Governmental Activities		Business-type Activities	
	2005	2004	2005	2004
General obligation bonds	\$4,610,000	\$4,868,000		
Sales tax revenue bonds	2,784,000	1,360,000		
Redevelopment Agency:				
Tax increment bonds	2,120,000	2,607,000		
Commercial loan	271,024	410,063		
Municipal Building Authority:				
Lease revenue bonds	11,695,000	12,180,000		
Special improvement districts:				
Assessment bonds	3,715,000	4,279,000		
Revenue bonds			\$8,165,000	\$8,955,200
Capital leases	666,164	169,000	332,510	
Total	<u>\$25,861,188</u>	<u>\$25,873,063</u>	<u>\$8,497,510</u>	<u>\$8,955,200</u>

During the fiscal year, the City issued the following debt totaling \$2,328,942:

- \$728,942 capital lease for the acquisition of equipment
- \$100,000 capital lease for the construction of livestock stall coverings
- \$1,500,000 in sales tax revenue bonds for construction of a new airport terminal

When the 2003 Library General Obligation bond was issued, Standard Poors Rating Service assigned an underlying (non-credit enhanced) rating of A to this issue.

Additional information on the outstanding debt of the City is located in the footnotes to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The 2004 annual average unemployment rate for Iron County, of which Cedar City is the largest city, was 3.8 percent. This percentage is lower than Utah's annual average unemployment rate of 5.2 percent and the national annual average unemployment rate of 5.5 percent for the same period. (Source: U.S. Department of Labor and Utah Department of Workforce Services)
- The fiscal year 2006 general fund budget reflects an increase of 1.7 percent over the fiscal year 2005 final general fund budget. However, when compared to fiscal year 2005 actual expenditures, the fiscal year 2006 budget represents an increase of approximately 16 percent.
- Building permits issued during calendar year 2004 for single-family dwellings totaled 295 compared to 196 for calendar year 2003. The average cost of constructing a single-family home in 2004 was \$157,014, up from the average cost of \$134,337 in 2003. (Source: Cedar City Building Department)

## **REQUESTS FOR FINANCIAL INFORMATION**

This financial report is designed to provide users with a general overview of the City's finances and demonstrate accountability for the sources and uses of City funding. Questions concerning information contained in this report or requests for additional financial information should be addressed to the Finance Director, Cedar City Corporation, 10 North Main, Cedar City, Utah, 84720.

## **BASIC FINANCIAL STATEMENTS**

**CEDAR CITY CORPORATION**

**Statement of Net Assets**

June 30, 2005

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Current assets:			
Cash & cash equivalents	\$ 13,953,362	\$ 14,111,776	\$ 28,065,137
Special assessments receivable	4,056,369		4,056,369
Accounts receivable	3,132,202	604,697	3,736,899
Receivable from other governmental entities		351,051	351,051
Pre-paid expenses	27,764	-	27,764
Property tax receivable	2,929,306		2,929,306
Note receivable		1,315,033	1,315,033
Due from other funds	281,529	400,821	682,350
Construction in progress	5,371,824	2,774,932	8,146,757
Capital assets, net of accumulated depreciation	<u>77,947,606</u>	<u>41,231,448</u>	<u>119,179,054</u>
Total assets	<u>107,699,963</u>	<u>60,789,758</u>	<u>168,489,721</u>
<b>Liabilities and Net Assets</b>			
Liabilities :			
Cash with negative balances	385,010	33,665	418,675
Accounts payable	871,212	332,350	1,203,561
Payroll taxes payable	59,943		59,943
Wages payable	88,302		88,302
Compensated absences payable	474,806	92,973	567,779
Deposits payable		24,800	24,800
Accrued interest payable	240,291	150,899	391,191
Other payables	1,694,210	14,929	1,709,140
Retainage payable	-		-
Due to other funds		682,350	682,350
Capital lease obligations payable - due within one year	190,156	107,507	297,663
Capital lease obligations payable - due after one year	476,008	225,003	701,011
Deferred revenue	4,129,015	-	4,129,015
Deferred revenue - property taxes	2,929,306		2,929,306
Bonds payable			
Portion due within one year	2,131,169	705,000	2,836,169
Portion due after one year	<u>23,063,855</u>	<u>7,460,000</u>	<u>30,523,855</u>
Total liabilities	<u>36,733,283</u>	<u>9,829,477</u>	<u>46,562,759</u>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	58,124,406	35,508,870	93,633,276
Restricted for:			
Capital projects	1,521,247		1,521,247
Debt service	1,733,326	1,669,732	3,403,058
Community development	5,122,564	2,375,269	7,497,833
Other purposes	927,231		927,231
Unrestricted	<u>3,537,907</u>	<u>11,406,410</u>	<u>14,944,316</u>
Total net assets	<u>\$ 70,966,681</u>	<u>\$ 50,960,281</u>	<u>\$ 121,926,961</u>

The notes to the financial statements are an integral part of this statement.

**CEDAR CITY CORPORATION**  
**Statement of Activities**  
Year Ended June 30, 2005

Functions	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 1,370,537	\$ 47,564	\$ 84,528	\$ -	\$ (1,238,445)
Police protection	2,846,030	236,836	59,108	74,546	(2,475,540)
Other public safety & inspection services	1,487,412	402,179	76,404	20,600	(988,229)
Streets & highways	2,893,940	9,276	-	3,877,821	993,157
Parks, cemetery, and public property	618,993	384,909	-	3,206,756	2,972,672
Culture & recreation	1,512,175	405,559	5,874	15,712	(1,085,030)
Public works	499,000	-	-	-	(499,000)
Community & economic development	429,794	40,973	1,750	-	(387,071)
Transportation services	468,904	181,919	60,527	3,155,363	2,928,905
Interest and fiscal charges	1,104,524	-	-	-	(1,104,524)
Total governmental activities	13,231,310	1,709,215	288,191	10,350,798	(883,106)
Business-type activities:					
Water	1,949,940	2,340,823	-	2,501,574	2,892,457
Sewer system	523,914	666,177	-	2,060,732	2,202,995
Regional sewer plant	1,505,965	2,509,111	-	65,694	1,068,839
Golf course	614,066	653,848	-	-	39,782
Storm drain utility fund	154,534	141,199	-	300,095	286,761
Solid waste	219,097	298,175	-	-	79,078
Public works facilities	30,963	-	-	-	(30,963)
Total business-type activities	4,998,479	6,609,334	-	4,928,094	6,538,949
Total government	\$ 18,229,789	\$ 8,318,549	\$ 288,191	\$ 15,278,892	\$ 5,655,844

(Continued on page 18)

**CEDAR CITY CORPORATION**  
**Statement of Activities**  
Year Ended June 30, 2005

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Changes in net assets</b>			
<b>Net (expense) revenue from previous page</b>	\$ (883,106)	\$ 6,538,949	\$ 5,655,844
<b>General revenues:</b>			
Taxes:			
Property taxes, levied for general purposes	2,991,378		2,991,378
Property taxes, levied for redevelopment	673,343		673,343
Franchise taxes	1,845,677		1,845,677
Fees-in-lieu of taxes	408,841		408,841
General sales and use taxes	3,847,900		3,847,900
Earnings on investments	288,846	365,076	653,922
Licenses & permits	1,193,315		1,193,315
Miscellaneous	75,964		75,964
Gain (loss) on sale/disposal of assets	(289,045)	28,655	(260,390)
Operating transfers	507,523	(507,523)	-
<b>Total general revenues and transfers</b>	<b>11,543,742</b>	<b>(113,792)</b>	<b>11,429,950</b>
Increase in net assets	10,660,636	6,425,157	17,085,793
<b>Net assets - beginning</b>	<b>60,427,816</b>	<b>44,463,116</b>	<b>104,890,932</b>
Prior period adjustment	(121,772)	72,008	(49,764)
<b>Net assets - ending</b>	<b>\$ 70,966,681</b>	<b>\$ 50,960,281</b>	<b>\$ 121,926,961</b>

The notes to the financial statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**



**CEDAR CITY CORPORATION**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2005**

	General	Airport Construction	Special Improvement 2002-1 Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash & cash equivalents	\$ 5,891,665	\$ 28,779	\$ 352,117	\$ 7,680,800	\$ 13,953,362
Special assessments receivable			1,194,080	2,862,289	4,056,369
Other receivables	995,731	1,486,534		649,938	3,132,202
Pre-paid expenditures	14,664			13,101	27,764
Due from other funds	232,297			49,232	281,529
Total assets	<u>\$ 7,134,357</u>	<u>\$ 1,515,313</u>	<u>\$ 1,546,197</u>	<u>\$ 11,255,359</u>	<u>\$ 21,451,226</u>
<b>Liabilities:</b>					
Cash with negative balances	\$ -	\$ -	\$ -	\$ 385,010	\$ 385,010
Accounts payable	379,909	363,582		127,721	871,212
Payroll taxes payable	59,943				59,943
Wages payable	88,302				88,302
Other payables	1,694,210				1,694,210
Deferred revenue	429,344		1,194,080	2,879,077	4,502,501
Total liabilities	<u>2,651,707</u>	<u>363,582</u>	<u>1,194,080</u>	<u>3,391,808</u>	<u>7,601,177</u>
<b>Fund balances:</b>					
Reserved	2,032,006	1,151,731	352,117	5,768,514	9,304,368
Unreserved, undesignated	2,450,644	-	-	2,095,037	4,545,681
Total fund balances	<u>4,482,650</u>	<u>1,151,731</u>	<u>352,117</u>	<u>7,863,551</u>	<u>13,850,049</u>
Total liabilities and fund balances	<u>\$ 7,134,357</u>	<u>\$ 1,515,313</u>	<u>\$ 1,546,197</u>	<u>\$ 11,255,359</u>	<u>\$ 21,451,226</u>

The notes to the financial statements are an integral part of this statement.

**CEDAR CITY CORPORATION**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**June 30, 2005**

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Amounts reported for governmental activities in the statement of net assets are different because:

<b>Total fund balance - governmental funds</b>	<b>\$ 13,850,049</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$94,915,247 and the accumulated depreciation is \$16,967,642.	77,947,605
Construction in progress of long-term assets	5,371,824
Long-term Obligations	(26,202,797)
<b>Total net assets - governmental activities</b>	<b><u>\$ 70,966,681</u></b>

The notes to the financial statements are an integral part of this statement.

**CEDAR CITY CORPORATION**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2005**

	Special			
	General	Airport Construction	Improvement 2002-1 Debt Service Fund	Other Governmental Funds
REVENUES:				Total Governmental Funds
Taxes	\$ 9,093,796	\$ -	\$ -	\$ 9,767,138
Interest earnings	98,060	31,867	4,164	288,846
Licenses and permits	1,193,315			1,193,315
Intergovernmental revenues	1,548,799	3,155,363		5,867,636
Charges for services	412,160			598,705
Fines and forfeitures	139,927			139,927
Miscellaneous	840,530		535,599	3,901,542
Total revenues	<u>13,326,587</u>	<u>3,187,230</u>	<u>539,763</u>	<u>21,757,109</u>
EXPENDITURES:				
General government	1,236,962			1,367,354
Police protection	2,702,797			2,702,797
Other public safety & inspection services	1,289,737			1,396,497
Streets & highways	1,852,989			1,862,607
Parks, cemetery, and public property	627,291			715,479
Culture & recreation	822,481			1,350,157
Public works	488,465			488,465
Community & economic development	420,887			420,887
Transportation services				252,233
Capital outlay		3,861,013		5,194,898
Debt service:				
Principal retirements			148,000	2,009,038
Interest and fiscal charges			60,469	1,089,204
Total expenditures	<u>9,441,610</u>	<u>3,861,013</u>	<u>208,469</u>	<u>18,849,616</u>
Excess of revenues over (under) expenditures	<u>3,884,976</u>	<u>(673,783)</u>	<u>331,294</u>	<u>2,907,493</u>
OTHER FINANCING SOURCES (USES):				
Debt proceeds		1,500,000		1,600,000
Operating transfers in	727,649			3,731,625
Operating transfers out	(2,272,421)			(3,224,102)
Total other financing sources (uses)	<u>(1,544,772)</u>	<u>1,500,000</u>	<u>-</u>	<u>2,107,522</u>
Excess of revenues and other sources over (under) expenditures and other uses	2,340,204	826,217	331,294	5,015,015
FUND BALANCES JULY 1	2,142,445	325,514	20,823	8,835,034
FUND BALANCES JUNE 30	<u>\$ 4,482,650</u>	<u>\$ 1,151,731</u>	<u>\$ 352,117</u>	<u>\$ 13,850,049</u>

The notes to the financial statements are an integral part of this statement.

**CEDAR CITY CORPORATION**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Government Funds to the Statement of Activities**  
**Year Ended June 30, 2005**

Amounts reported for governmental activities in the statement of activities are different because:

**Net change in fund balances-total governmental funds** **\$ 5,015,015**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	5,853,613	
Depreciation expense	<u>(2,265,307)</u>	3,588,306

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Debt proceeds	(1,500,000)	
Repayment of bond principal	2,009,039	
Accrued Interest expense (Net)	<u>(15,320)</u>	493,719

Long-term capital lease payments are recorded as expenditures as paid 54,868

Net increase in compensated absences payable (22,091)

Contributions 2,599,622

Proceeds from capital lease obligations (552,032)

Proceeds from sale of assets (251,079)

Loss on sale of assets (289,045)

Non-cash grants received for capital assets 19,850

Loss on assets transferred to other funds 3,503

**Change in net assets of governmental activities** **\$ 10,660,636**

**CEDAR CITY CORPORATION**  
**Statement of Net Assets**  
**Major Proprietary Funds**  
June 30, 2005

	<u>Water</u>	<u>Sewer Collection System</u>	<u>Regional Sewer Plant</u>	<u>Non-major Proprietary Funds</u>	<u>Total</u>
<b>Assets</b>					
Current assets:					
Cash & cash equivalents	\$ 6,104,305	\$ 1,403,078	\$ 5,966,299	\$ 638,093	\$ 14,111,776
Restricted investments					
Accounts receivable (net of allowance)	252,541	60,271	226,735	65,150	604,697
Receivable from other governmental entities				351,051	351,051
Pre-paid expenses					-
Due from other funds	400,821				400,821
<b>Total current assets</b>	<u>6,757,667</u>	<u>1,463,350</u>	<u>6,193,034</u>	<u>1,054,293</u>	<u>15,468,344</u>
Long-term assets:					
Note receivable	1,315,033				1,315,033
Construction in progress	2,289,893	44,367		440,672	2,774,932
Capital assets, net of accumulated depreciation	16,192,790	10,803,676	9,649,363	4,585,620	41,231,448
<b>Total long-term assets</b>	<u>19,797,716</u>	<u>10,848,043</u>	<u>9,649,363</u>	<u>5,026,292</u>	<u>45,321,414</u>
<b>Total assets</b>	<u>26,555,383</u>	<u>12,311,393</u>	<u>15,842,397</u>	<u>6,080,586</u>	<u>60,789,758</u>
<b>Liabilities and Net Assets</b>					
Liabilities :					
Current liabilities:					
Negative cash balance	-	-	-	33,665	33,665
Accounts payable	154,094	14,398	20,321	143,536	332,350
Other payables	-	14,929			14,929
Accrued interest		8,309	140,307	2,283	150,899
Deposits payable	24,800				24,800
Compensated absences payable	32,494	4,030	16,507	39,941	92,973
Deferred revenue					
Capital leases payable within one year		51,907		55,600	107,507
Bonds payable within one year		50,000	645,000	10,000	705,000
Due to other funds	40,289	8,943		633,118	682,350
<b>Total current liabilities</b>	<u>251,677</u>	<u>152,517</u>	<u>822,135</u>	<u>918,144</u>	<u>2,144,474</u>
Non-current liabilities					
Capital leases payable after one year		225,003		-	225,003
Bonds payable after one year		105,000	7,228,000	127,000	7,460,000
<b>Total non-current liabilities</b>	<u>-</u>	<u>330,003</u>	<u>7,228,000</u>	<u>127,000</u>	<u>7,685,003</u>
<b>Total liabilities</b>	<u>251,677</u>	<u>482,520</u>	<u>8,050,135</u>	<u>1,045,144</u>	<u>9,829,477</u>
Net assets:					
Invested in capital assets, net of related debt	18,482,683	10,416,133	1,776,363	4,833,691	35,508,870
Restricted for:					
Debt service		104,199	1,565,533	-	1,669,732
Community development	1,127,876	883,669	175,490	188,234	2,375,269
Unrestricted	6,693,147	424,872	4,274,876	13,514	11,406,409
<b>Total net assets</b>	<u>\$ 26,303,706</u>	<u>\$ 11,828,873</u>	<u>\$ 7,792,262</u>	<u>\$ 5,035,440</u>	<u>\$ 50,960,281</u>

The notes to the financial statements are an integral part of this statement.

**CEDAR CITY CORPORATION**  
**Statement of Revenues, Expenses and Changes in Net Assets**  
**Major Proprietary Funds**  
Year Ended June 30, 2005

	Water	Sewer Collection System	Regional Sewer Plant	Non-major Proprietary Funds	Total
<b>Operating revenues:</b>					
Charges for services	\$ 2,077,147	\$ 665,677	\$ 2,506,334	\$ 1,091,827	\$ 6,340,985
Penalties	62,726				62,726
Miscellaneous	200,950	500	2,777	1,395	205,622
Total operating revenues	2,340,823	666,177	2,509,111	1,093,222	6,609,333
<b>Operating expenses:</b>					
Salaries	378,860	98,086	240,742	393,025	1,110,713
Employees benefits	154,540	6,783	101,790	153,003	416,116
Utilities	397,128	15,065	124,837	45,075	582,105
Professional services	15,880	1,376	5,375	725	23,356
Repairs and maintenance	436,584	25,966	56,135	132,281	650,967
Contract services				-	
Insurance	7,629	1,550	11,765	6,304	27,248
Miscellaneous	16,409	100,711	29,591	55,927	202,637
Supplies	59,408	9,519	47,210	102,062	218,199
Bad debt expense	9,016	904	(310)	327	9,937
Depreciation	474,486	246,709	663,967	126,422	1,511,584
Total operating expenses	1,949,940	506,668	1,281,102	1,015,152	4,752,862
Operating income (loss)	390,883	159,509	1,228,008	78,070	1,856,471
<b>Nonoperating income:</b>					
Interest earnings	198,567	28,357	112,278	25,873	365,076
Impact fees	1,146,916	279,467	65,694	300,095	1,792,172
Gain (loss) on disposal of assets	(1,807)	(1,274)		31,736	28,655
Interest & fiscal charges		(17,246)	(224,863)	(3,508)	(245,617)
Total nonoperating income	1,343,676	289,305	(46,891)	354,196	1,940,286
Income before transfers/contributions	1,734,559	448,814	1,181,118	432,266	3,796,757
Contributions	1,354,658	1,781,265		-	3,135,923
Transfers in	16,590			75,170	91,760
Transfers out	(321,830)	(43,854)	(140,000)	(93,599)	(599,283)
Change in net assets	2,783,978	2,186,225	1,041,118	413,837	6,425,157
<b>Net assets - beginning</b>	23,448,573	9,642,648	6,751,144	4,621,603	44,463,969
Prior period adjustment	71,155				71,155
<b>Net assets - ending</b>	<u>\$ 26,303,706</u>	<u>\$ 11,828,873</u>	<u>\$ 7,792,262</u>	<u>\$ 5,035,440</u>	<u>\$ 50,960,281</u>

The notes to the financial statements are an integral part of this statement.

**CEDAR CITY CORPORATION**  
**Statement of Cash Flows**  
**Major Proprietary Funds**  
Year Ended June 30, 2005

	Water	Sewer Collection System	Regional Sewer Plant	Non-major Proprietary Funds	Total
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$ 2,163,366	\$ 651,787	\$ 2,527,816	\$ 1,085,387	\$ 6,428,356
Cash payments to suppliers for goods and services	(954,379)	(140,759)	(273,212)	(311,821)	(1,680,171)
Cash payments to employees for services	(527,333)	(103,736)	(347,614)	(541,990)	(1,520,673)
Net cash provided (used) by operating activities	<u>681,654</u>	<u>407,292</u>	<u>1,906,990</u>	<u>231,576</u>	<u>3,227,513</u>
<b>Cash flows from noncapital financing activities:</b>					
Operating transfers to/from other funds	(305,240)	(43,854)	(140,000)	(18,430)	(507,524)
Cash payments to/from other funds	(360,532)			676,408	315,876
Net cash (used) by noncapital financing activities	<u>(665,772)</u>	<u>(43,854)</u>	<u>(140,000)</u>	<u>657,978</u>	<u>(191,648)</u>
<b>Cash flows from capital and related financing activities:</b>					
Cash received from impact fees	1,146,916	279,467	65,694	300,095	1,792,172
Other receipts (payments)	58,040	276,910		-	334,950
Acquisition of capital assets	(496,155)	(550,311)	(22,480)	(886,008)	(1,954,954)
Cash received from others for capital related activities	-				-
Interest paid on capital debt	-	(11,916)	(244,909)	(3,675)	(260,500)
Principal paid on capital debt	-	(36,057)	(624,000)	(10,000)	(670,057)
Net cash (used) by capital and related activities	<u>708,801</u>	<u>(41,907)</u>	<u>(825,695)</u>	<u>(599,588)</u>	<u>(758,389)</u>
<b>Cash flows from investing activities</b>					
Interest received	198,567	28,357	112,278	25,874	365,076
Net cash (used) by investing activities	<u>198,567</u>	<u>28,357</u>	<u>112,278</u>	<u>25,874</u>	<u>365,076</u>
Net increase in cash and cash equivalents	<u>923,250</u>	<u>349,888</u>	<u>1,053,573</u>	<u>315,840</u>	<u>2,642,552</u>
<b>Cash and Cash Equivalents - Beginning</b>	<u>5,181,055</u>	<u>1,053,190</u>	<u>4,912,726</u>	<u>288,588</u>	<u>11,435,559</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 6,104,305</u>	<u>\$ 1,403,078</u>	<u>\$ 5,966,299</u>	<u>\$ 604,428</u>	<u>\$ 14,078,111</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 390,883	\$ 159,509	\$ 1,228,008	\$ 78,071	\$ 1,856,472
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	474,486	246,709	663,967	126,423	1,511,586
Increase decrease accounts receivable	(177,457)	14,273	18,705	(7,836)	(152,315)
Increase decrease in pre-paid expenses	5,991				5,991
Increase decrease in deferred revenue					-
Increase decrease in accounts payable	(18,316)	(14,332)	1,391	30,880	(377)
Increase decrease in deposits payable	-				-
Increase decrease in compensated absences	6,067	1,133	(5,082)	4,038	6,156
Total adjustments	<u>290,771</u>	<u>247,783</u>	<u>678,981</u>	<u>153,505</u>	<u>1,371,041</u>
Net cash provided (used) by operating activities	<u>\$ 681,654</u>	<u>\$ 407,292</u>	<u>\$ 1,906,990</u>	<u>\$ 231,576</u>	<u>\$ 3,227,513</u>

The notes to the financial statements are an integral part of this statement.

**CEDAR CITY CORPORATION**  
**Statement of Fiduciary Net Assets**  
**Agency Funds**  
**June 30, 2005**

	<b>Task Force Trust</b>	<b>Festival City Foundation</b>	<b>Employee Flexible Spending</b>	<b>Color Country Resource Conservation and Development</b>	<b>Total</b>
<b>Assets</b>					
Current assets:					
Cash & cash equivalents	\$ 84,105	\$ 299,851	\$ 3,334	\$ 52,858	\$ 440,148
Due from employees					-
Long-term assets:					
Note receivable		66,468			66,468
Land		279,619			279,619
Automobiles & trucks					-
Machinery					-
Improvements other than buildings					-
Buildings (Less Accumulated depreciation)		1,345,902			1,345,902
Total assets	<u>84,105</u>	<u>1,991,839</u>	<u>3,334</u>	<u>52,858</u>	<u>2,132,136</u>
<b>Liabilities and Net Assets</b>					
Liabilities:					
Negative cash balance	-	-	-	-	-
Accounts payable					-
Deposits payable			3,334	17,306	20,640
Due to others	84,105				84,105
Total liabilities	<u>84,105</u>	<u>-</u>	<u>3,334</u>	<u>17,306</u>	<u>104,745</u>
Net assets:					
Invested in capital assets		1,991,839	-	35,552	2,027,391
Unrestricted					
Total net assets	<u>\$ -</u>	<u>\$ 1,991,839</u>	<u>\$ -</u>	<u>\$ 35,552</u>	<u>\$ 2,027,391</u>



**CEDAR CITY CORPORATION**  
**Statement of Changes in Fiduciary Net Assets**  
**Agency Funds**  
June 30, 2005

	<b>Task Force Trust</b>	<b>Festival City Foundation</b>	<b>Employee Flexible Spending</b>	<b>Color Country Resource Conservation and Development</b>	<b>Total</b>
<b>Operating revenues:</b>					
Miscellaneous	\$ -	\$ -	\$ -	\$ 15,675	\$ 15,675
Total operating revenues				15,675	15,675
<b>Operating expenses:</b>					
Professional services		35			35
Repairs and maintenance		4,630			4,630
Insurance		6,137			6,137
Miscellaneous		1,789		13,571	15,360
Depreciation		28,235			28,235
Total operating expenses		40,826		13,571	54,397
Operating income (loss)		(40,826)		2,104	(38,722)
<b>Nonoperating income:</b>					
Interest earnings		7,134		1,287	8,421
Total nonoperating income		7,134		1,287	8,421
Change in net assets		(33,692)		3,391	(30,301)
<b>Net assets - beginning</b>		2,025,532		32,161	2,057,693
<b>Net assets - ending</b>	\$ -	\$ 1,991,839	\$ -	\$ 35,552	\$ 2,027,391

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Cedar City, Utah have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

**Reporting Entity** - As required by GAAP, these financial statements present the City and its component unit, The Cedar City Redevelopment Agency, for which the City is considered to be financially accountable. The City is not a component unit of any other primary government. A blended component unit, although a legally separate entity, is, in substance, part of the City's operations.

**Blended Component Units:**

The City established a Redevelopment Agency pursuant to the Utah Neighborhood Development Act and designated the municipal council and the mayor as the redevelopment agency. The City has adopted redevelopment plans for the Cedar City downtown area. The Redevelopment Agency is presented as a special revenue fund of the City.

**Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its blended component unit. Interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The City applies expenses for restricted resources first when both restricted and unrestricted net assets are available.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-services expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

The City reports the following major governmental funds:

- General Fund
- Special Improvement 2002-1 Debt Service Fund
- Airport Construction Capital Project Fund

The General Fund is the government's primary operating fund. It accounts for all financial resources for the general government, except for those required to be accounted for in another fund.

The Special Improvement 2002-1 Debt Service Fund collects assessments for SID 2002-1 which provides, resources for the repayment of bonds.

The Airport Construction Capital Project Fund accounts for resources for airport construction projects.

The City reports the following major proprietary funds:

- Water Fund
- Sewer Collection System
- Regional Sewer Plant

The Water Fund accounts for the activities of the City's water production, treatment, and distribution operations.

The Sewer Collection fund and the Regional Sewer Plant Fund account for the operation and maintenance of the City-owned collection and treatment system for wastewater.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**Fixed assets and long-term liabilities**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Depreciation of all exhaustible fixed assets used is charged as an expense against operations. Accumulated depreciation is reported on the financial statements. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Water and sewer system improvement	40-50 years
Buildings	20-30 years
Machinery and Equipment	5-10 years
Roads and infrastructure	15 years
Improvements other than buildings	20 years

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Property Tax**

Iron County assesses all taxable property other than centrally-assessed property, which is assessed through the state, by May 22 of each year. The City should adopt a final tax rate prior to June 22, which is then submitted to the state for approval. Property taxes are due on November 30 of each year. Delinquent taxes are subject to a penalty of 2% or \$10.00, whichever is greater. After January 15 of the following year, delinquent taxes and penalty bear interest of 6% above the federal discount rate from January 1 until paid.

Property taxes attach as an enforceable lien on property as they become delinquent. All unpaid taxes levied during the year become delinquent December 1 of the current year.

Property tax revenues are recognized when they become measurable and available. Amounts available include those property tax receivables expected to be collected within sixty days after year end.

**Budgets**

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual budgets are adopted for governmental and proprietary fund types. Encumbrance accounting is not employed by the City in its governmental funds, therefore, all annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital project funds.

The City can make adjustments to the adopted budget through public hearings. During the fiscal year, the City made budget adjustments through public hearings the effects of which were material and are reflected in management's discussion and analysis.

**Capitalized Interest**

The City capitalizes interest costs and interest earned as part of the cost of constructing various buildings and water and sewer projects when material. Interest is only capitalized in proprietary activities.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Statement of Cash Flows**

For the purpose of the Statement of Cash Flows, the business-type activities consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

**Bond Issue Costs**

If material, bond issuance costs are deferred and amortized over the life of the bonds using the straight line method. If material, issuance costs are reported as deferred charges.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**Compensated Balances**

City employees accumulate one day of sick leave for each month of service. There is no limit on sick leave accrual. Employees with sick leave accrued in excess of 60 days may be paid 25 percent of the unused sick leave accrued during the current calendar year. Employees who were regular full time employees of the City for a minimum of ten years are eligible for continued medical, dental, and vision insurance upon retirement for five years, or to age 65 whichever comes first.

City employees accrue vacation leave in varying amounts depending on the amount of service. An employee may carry over into the following calendar year the amount of vacation leave that the employee accrues in one year plus 40 hours. Any accumulated vacation leave in excess of yearly earned plus 40 hours will be lost at the end of the calendar year.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

Vacation and sick leave are charged to operations as they are used. No provision has been made in the financial statements for unused leave as the low degree of reliability and the cost of making and evaluating estimates of this liability would be too great. Also, the probable payments for accumulating leave benefits would likely not be material.

**Reconciliation of government-wide and fund financial statements**

**A. Explanation of certain differences between the governments fund balance sheet and the government-wide statement of net assets.**

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. These differences primarily result from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

**Capital related items:**

When capital assets (property, plant, & equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$ 94,915,247
Accumulated depreciation	(16,967,642)
Construction in Progress	<u>5,371,824</u>
Total difference	<u>\$ 83,319,429</u>

**Long-term liabilities:**

Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements.

Principal portion of bonds and leases	\$ ( 25,195,024)
Bond interest accrual	( 240,291)
Capital Lease Obligations Payable	( 666,164)
Deferred Revenue	373,488
Compensated Absences Payable	<u>( 474,806)</u>
Total Difference	<u>\$ ( 26,202,797)</u>



**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**B. Explanation of differences between governmental fund operating statements and the statement of net activities.**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Capital outlay	\$ 5,853,613
Depreciation expense	<u>(2,265,307)</u>
New difference as reported	<u>\$ 3,588,306</u>

The governmental funds report bond proceeds as an other financing source, while repayment of bond principal is reported as an expenditure. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of bonds and related items is as follows:

Contributions	\$ 2,599,622
Bond proceeds	(1,500,000)
Capital lease proceeds	( 552,032)
Repayment of bond principal	2,009,039
Repayment of capital lease principal	54,868
Accrued interest expense	(15,320)
Net increase in compensated absences	<u>( 22,091)</u>
Net Difference	<u>\$ 4,072,586</u>

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

The Governmental Funds report other miscellaneous items as revenues. Also, other items that effect changes in net assets are not reported as either revenues or expenditures. The net effect of these differences are summarized as follows:

Proceeds from sale of assets	\$ (251,079)
Non-cash grants of assets	19,850
Loss on assets sold/disposed	(289,045)
Loss on assets transferred to other funds	<u>3,503</u>
Net Difference	<u>\$ (516,771)</u>

**NOTE 2. LEGAL COMPLIANCE - BUDGETS/STATUTORY**

On or before the first scheduled council meeting in May, all agencies of the City submit requests for appropriation to the City's financial officer so that a budget may be prepared. The budget is prepared by fund, function, and activity, and includes information of the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the City council for review at the first scheduled meeting in May. The City council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes to the budget must be within the revenues and reserves estimated as available by the City financial officer or the revenue estimates must be changed by an affirmation vote of a majority of the City council. Within 30 days of adoption, the final budget must be submitted to the State Auditor. If there is no increase to the certified tax rate, a final tax rate is adopted by June 22 and adoption of budgets is done similarly.

State statute requires that City officers shall not make or incur expenditures or encumbrances in excess of total appropriations for any department in the budget as adopted or subsequently amended.

**NOTE 3. CASH AND INVESTMENTS:**

The City maintains a cash and investment pool, which includes the cash account and several investments. The City also has deposits held by the Trust Department of US Bank as fiscal agent for bonds issued.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 3. CASH AND INVESTMENTS - CONTINUED**

The City's deposit and investment policy is to follow the Utah Money Management Act. However, the City does not have a separate deposit or investment policy that addresses specific types of deposit and investment risks to which the City is exposed.

Utah State law requires that City funds be deposited with a "qualified depository" as defined by the Utah Money Management Act. "Qualified depository" includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements which an institution must maintain to be eligible to accept public funds.

The Utah Money Management Act also governs the scope of securities allowed as appropriate temporary investments for the City and conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.

As of June 30, 2005, the City had the following deposits and investments:

<u>Deposit and investment type</u>	<u>Fair Value</u>
Cash on deposit and on hand	\$ 291,951
State Treasurer's investment pool	25,684,121
Cash with Fiscal Agent	<u>1,670,390</u>
	<u>\$ 27,646,462</u>

*Interest rate risk.* The City manages its exposure to declines in fair value by only investing in the Utah Public Treasurers Investment Fund.

*Credit risk.* As of June 30, 2005 the Utah Public Treasurer's Investment Fund was unrated.

*Concentration of credit Risk.* The City's investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

*Custodial credit risk - deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2005 \$82,033 of the deposits was exposed to custodial credit risk because it was uninsured or uncollateralized.

*Custodial credit risk - investments.* For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 3. CASH AND INVESTMENTS - CONTINUED**

Components of cash and investments (including interest earning deposits) at June 30, 2005, are as follows:

Cash on hand and on deposit:

Cash on deposit and on hand	\$ 291,951
Utah State Treasurer's investment pool account	25,684,121
Cash with fiscal agent	<u>1,670,390</u>
Total cash and investments	<u><u>\$ 27,646,462</u></u>

Cash and investments are included in the accompanying combined statement of net assets as follows:

Cash and cash equivalents	\$ 28,065,137
Negative Cash Balances	<u>( 418,675)</u>
Total cash and investments	<u><u>\$ 27,646,462</u></u>

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 4. LONG-TERM DEBT:**

The following is a summary of Long-Term Debt transactions of the City for the fiscal year ended June 30, 2005:

	<u>Balance</u> <u>6/30/04</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/05</u>
<b><u>General Long Term Debt:</u></b>				
Recreation Refunding G.O. Bond 3-21-96	\$ 75,000		\$ 39,000	\$ 36,000
SID 95-1 Special Assessment Bonds 3-20-96	79,000		38,000	41,000
SID 95-2 Special Assessment Bonds 4-1-97	186,000		59,000	127,000
SID 96-1 Special Assessment Bonds 4-8-98	387,000		90,000	297,000
SID 97-1 Special Assessment Bonds 3-30-99	270,000		49,000	221,000
SID 2002-1 Special Assessment Bonds	1,667,000		148,000	1,519,000
SID 98-1 Special Assessment Bonds 8-15-01	1,690,000		180,000	1,510,000
Zions First National Bank Note Payable	410,062		139,038	271,024
SBSU Equipment Lease	169,000		54,868	114,132
Cal First Equipment Lease		452,032		452,032
Wells Equipment Lease		100,000		100,000
Municipal Building Authority Lease	3,405,000		420,000	2,985,000
Library G.O. Bonds-Series 2002 A	2,423,000		79,000	2,344,000
Refunding Lease Revenue Bonds - 2001A	8,775,000		65,000	8,710,000
Sales Tax Revenue Bonds - 2002	1,360,000		76,000	1,284,000
Sales Tax Revenue Bond - Terminal		1,500,000		1,500,000
Library G.O. Bond - 2003	2,370,000		140,000	2,230,000
Tax Increment Bonds - 2002	267,000		87,000	180,000
Tax Increment Bonds - 2002	2,340,000		400,000	1,940,000
<b>TOTAL GENERAL LONG TERM DEBT</b>	<b>\$ 25,873,062</b>	<b>\$ 2,052,032</b>	<b>\$ 2,063,906</b>	<b>\$ 25,861,188</b>
<b><u>Enterprise Fund Debt:</u></b>				
Sewer 8-18-94 Revenue Bonds	8,017,000		554,000	7,463,000
Sewer 12-1-93 Revenue Bonds	200,000		45,000	155,000
Sewer Revenue Bond - Series 1999	480,000		70,000	410,000
Evans Equipment Lease	111,200		55,600	55,600
Cal First Equipment Lease		276,910		276,910
Sewer-Comm. Impact Bonus Loan-Series	147,000		10,000	137,000
<b>TOTAL ENTERPRISE FUND DEBT</b>	<b>\$ 8,955,200</b>	<b>\$ 276,910</b>	<b>\$ 734,600</b>	<b>\$ 8,497,510</b>
<b>GRAND TOTAL</b>	<b>\$ 34,828,262</b>	<b>\$ 2,328,942</b>	<b>\$ 2,798,506</b>	<b>\$ 34,358,698</b>

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

The following is a summary of the City's Long-Term Debt by type at June 30, 2005:

General Obligation Bonds	\$ 4,610,000
Revenue Bonds	22,644,000
Special Assessment Bonds	3,715,000
Tax Allocation Bonds	2,120,000
Note Payable	271,024
Capital Lease	998,674
	<hr/>
	<u>\$ 34,358,698</u>

In prior years, the City defeased certain general obligation and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements.

During the fiscal year ending June 30, 2002 the City issued \$9,070,000 in Refunding Lease Revenue Bonds-Series 2001A. The bond issue is composed of two parts with refunding proceeds amounting to \$7,515,000 and new bond proceeds of \$1,555,000.

The refunding proceeds were used to refund the Municipal Building Authority Lease Revenue Bonds- Series 1999A dated December 1, 1999 and to partially refund \$630,000 of the Municipal Building Authority Lease Revenue Bonds-Series 1999B.

This transaction is considered to be an advanced refunding in that the refunding proceeds of \$7,515,000 of the Refunding Lease Revenue Bonds-Series 2001A were placed in an irrevocable escrow arrangement for the purpose of paying interest and principal on the Municipal Building Authority Lease Revenue Bonds-Series 1999A and the Municipal Building Authority Lease Revenue Bonds-Series 1999B. The Series 1999A bonds were originally issued in the amount of \$6,995,000 on December 1, 1999 and had a principal balance outstanding of \$6,995,000 at the time of the refunding. The Series 1999B bonds were originally issued in the amount of \$4,980,000 on December 1, 1999 and had an outstanding principal balance of \$4,980,000 at the time of the partial refunding. Payments due June 15, 2012 and 2013 on the Series 1999B bonds in the amount of \$590,000 and \$40,000 respectively were refunded as part of the refunding issue.

In accordance with generally accepted accounting principles concerning advanced refunding of bonds, the defeased bonds and the refunding escrow are not reported by the City as part of the financial statements.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 4. LONG-TERM DEBT - CONTINUED:**

The Series 1999A bonds bore interest varying from 5.6% to 5.8 % and the Series 1999B bonds bore interest varying from 4.4% to 5.5%. The Refunding Lease Revenue Bonds-Series 2001A bear interest varying from 3% to 5% with a true interest cost of 4.7987370%.

The refunding results in cumulative savings of \$1,351,471 with the net present value of the savings being \$159,727.

The City's long-term bonded debt consists of the following:

**General Long-Term Debt:**

\$426,000 Series 1996 General Obligation Bonds payable in installments of \$39,000 to \$36,000 bearing interest of 4.875%	\$ 36,000
\$1,438,000 Sales Tax Revenue Bonds Series 2002 payable in installments of \$78,000 to \$678,000 bearing interest of 2.25% to 4.8%	1,284,000
\$2,520,000 Library General Obligation Bonds Series 2003 payable in installments of \$140,000 to \$210,000 bearing interest of 2.5% to 4.25%	2,230,000
\$1,667,000 Special Assessment Bonds 2002-1 Series 2003 payable in installments of \$148,000 to \$198,000 bearing interest of 1.5% to 5.25%	1,519,000
\$318,535 Special Assessment Bonds 95-1 payable in installments of \$36,000 to \$41,000 bearing interest of 4.9% to 5.75%	41,000
\$512,280 Special Assessment Bonds 95-2 payable in installments of \$55,000 to \$65,000 bearing interest of 5.6%	127,000
\$844,258 Special Assessment Bonds 96-1 payable in installments of \$86,000 to \$104,000 bearing interest of 4.85% to 5.05%	297,000

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2005**

**NOTE 4. LONG-TERM DEBT - CONTINUED:**

\$483,381 Special Assessment Bonds 97-1 payable in installments of \$47,000 to \$59,000 bearing interest of 4.5% to 4.85 %	221,000
\$1,500,000 Zions Bank Commercial Note Payable in monthly installments to 2007 bearing interest of 7.506%	271,024
\$4,980,000 Lease Revenue Bonds Series 1999B payable in installments of \$400,000 to \$560,000 bearing interest of 4.4% to 5.5%	2,985,000
\$2,500,000 Library General Obligation Bonds Series 2002A payable in installments of \$77,000 to \$136,000 bearing interest of 2.3%	2,344,000
\$9,070,000 Refunding Lease Revenue Bonds Series 2001A payable in installments of \$460,000 to \$1,010,000 bearing interest of 3% to 5%	8,710,000
\$2,030,000 Special Assessment Bonds 98-1 payable in installment of \$165,000 to \$245,000 bearing interest of 3.15% to 5.2%	1,510,000
\$352,000 Tax Increment Refunding Bonds Series 2002 payable in installments of \$85,000 to \$90,000 bearing interest of 2.64% to 3.52%	180,000
\$2,730,000 Tax Increment Refunding Bonds Series 2002 payable in installments of \$390,000 to \$560,000 bearing interest of 2.64% to 3.89%	1,940,000
\$1,500,000 Sales Tax Revenue Bond - Terminal payable in installments of \$80,850 to \$81,950 bearing interest of 2.5%	<u>1,500,000</u>
Total General Long -Term Debt	<u>\$ 25,195,024</u>



**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 4. LONG-TERM DEBT - CONTINUED:**

**Enterprise Fund Long -Term Debt:**

\$12,010,000 Sewer Revenue Bonds dated 8-18-94 payable in installments of \$525,000 and \$768,000 bearing interest of 2.75%	\$ 7,463,000
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\$750,000 Sewer Revenue Bonds dated 12-1-93 payable in installments of \$40,000 to \$55,000	155,000
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\$715,000 Sewer Revenue Bonds dated 8-19-99 payable in installments of \$60,000 to \$95,000 bearing interest of 5.9%	410,000
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\$166,190 Sewer Community Impact Bonus Loan Series 2000 payable in installments of \$9,190 to \$13,000 bearing interest of 2.5%	<u>137,000</u>
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Total Enterprise Fund Long - Term Debt	<u><u>\$ 8,165,000</u></u>
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**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 4. LONG-TERM DEBT - CONTINUED:**

The City's total bonded debt service at June 30, 2005 was as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual</u> <u>Debt Service</u>
2006	\$ 2,836,169	\$ 1,276,327	\$ 4,112,496
2007	2,808,855	1,167,234	3,976,089
2008	2,722,000	1,063,873	3,785,873
2009	2,658,000	960,578	3,618,578
2010	2,124,000	858,654	2,982,654
2011	2,105,000	777,417	2,882,417
2012	2,193,000	693,905	2,886,905
2013	2,595,000	598,278	3,193,278
2014	1,986,000	513,470	2,499,470
2015	1,850,000	440,750	2,290,750
2016	1,915,000	375,198	2,290,198
2017	1,479,000	306,315	1,785,315
2018	1,253,000	246,730	1,499,730
2019	1,087,000	191,605	1,278,605
2020	1,137,000	142,470	1,279,470
2021	1,191,000	90,525	1,281,525
2022	186,000	35,500	221,500
2023	191,000	30,850	221,850
2024	195,000	26,075	221,075
2025	200,000	21,200	221,200
2026	205,000	16,200	221,200
2027	210,000	11,075	221,075
2028	76,000	5,825	81,825
2029	78,000	3,925	81,925
2030	79,000	1,975	80,975
	<u>\$ 33,360,024</u>	<u>\$ 9,855,954</u>	<u>\$ 43,215,978</u>

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 4. LONG-TERM DEBT - CONTINUED:**

The City entered into capital lease agreements which require the following scheduled payments:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 297,663	\$ 30,299	\$ 327,962
2007	249,781	22,583	272,364
2008	145,640	14,620	160,260
2009	150,359	9,901	160,260
2010	155,231	5,030	160,261
Total	<u>\$ 998,674</u>	<u>\$ 82,433</u>	<u>\$ 1,081,107</u>
Governmental Funds	\$ 666,164	\$ 54,945	\$ 721,109
Enterprise Funds	332,510	27,488	359,998
Total	<u>\$ 998,674</u>	<u>\$ 82,433</u>	<u>\$ 1,081,107</u>

Capitalized leases in the enterprise funds are depreciated over the useful life of the asset (see Note 1). Depreciation on capitalized leases is included with depreciation expense in the various enterprise funds.

**NOTE 5. NOTE RECEIVABLE:**

Cedar City withdrew from its agreement with the Washington County Water Conservancy District concerning the Kolob Reservoir effective December 1, 1994. Per the agreement, the District is now required to reimburse the City for payments made during the last nine years. This transaction has been recorded by the City as a Note Receivable and miscellaneous revenue in the Water Fund for \$1,282,500. In addition, interest accrued to December 15, 1999 was capitalized into the note bringing the total balance due to \$1,578,879. The District is required to pay the note back over 20 years at 5.0% interest with the first payment beginning December 15, 2000 as noted below. The agreement also requires that the District purchase the City's interest in Kolob Reservoir.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 5. NOTE RECEIVABLE - CONTINUED:**

The following table summarizes the payments of principal and interest to be received from the Washington County Water Conservancy District through the year 2020.

<u>Year Ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual</u> <u>Debt Service</u>
2006	\$ 60,942	\$ 65,752	\$ 126,694
2007	63,989	62,705	126,694
2008	67,188	59,505	126,693
2009	70,548	56,146	126,694
2010	74,075	52,618	126,693
2011	77,779	48,915	126,694
2012	81,668	45,026	126,694
2013	85,751	40,942	126,693
2014	90,039	36,655	126,694
2015	94,541	32,153	126,694
2016	99,267	27,426	126,693
2017	104,230	22,462	126,692
2018	109,442	17,251	126,693
2019	114,914	11,779	126,693
2020	120,660	6,033	126,693
<b>Totals</b>	<b>\$ 1,315,033</b>	<b>\$ 585,368</b>	<b>\$ 1,900,401</b>

**NOTE 6. LOCAL GOVERNMENTAL - COST SHARING RETIREMENT PLAN:**

Plan Description. Cedar City contributes to the Local Governmental Contributory Retirement System and Local Governmental Noncontributory Retirement System, Public Safety Retirement System for employers with (without) Social Security coverage, Firefighters Retirement System which are for employers with (without) Social Security coverage cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 6. LOCAL GOVERNMENTAL - COST SHARING RETIREMENT PLAN - CONTINUED:**

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, Public Safety Retirement System for employers with (without) Social Security coverage, and Firefighters Retirement System which are for employers with (without) Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

**Funding Policy.** In the Local Governmental Noncontributory Retirement System, Cedar City is required to contribute 11.09% of their annual covered salary. In the Public Safety Retirement System for employers with (without) Social Security coverage contributory division members are required to contribute 12.29% of their salary (all or part may be paid by the employer for the employee) and Cedar City is required to contribute 7.70% of their annual salary and 19.08% of their annual covered salary for members in the noncontributory division. In the Firefighters Retirement System for employers with (without) Social Security coverage plan members are required to contribute 8.61% of their annual covered salary (all or part may be paid by the employer for the employee) and Cedar City is required to contribute 0% of their annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirement of the Systems are authorized by statute and specified by the Board.

Cedar City's contributions to the Local Governmental Noncontributory Retirement System for June 30, 2005, 2004, and 2003 were \$380,701, \$326,847 and \$286,114 respectively and for the Public Safety Retirement System the contributions for June 30, 2005, 2004 and 2003 were \$211,306, \$172,548 and \$148,225 respectively, and for the Firefighters Retirement System the contributions for June 30, 2005, 2004 and 2003 were \$13,207, \$10,149 and \$9,494 respectively. The contributions were equal to the required contributions for each year.

**NOTE 7. LITIGATION:**

The City is presently involved in several matters of litigation. Two cases seek significant damages and will be contested vigorously by the City. The City is also in the process of negotiating settlements on some claims or resolving the matters by other means. The outcome of these cases is uncertain.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 8. RISK MANAGEMENT:**

Cedar City is subject to various types of risk such as tort actions, theft, damage, or destruction of assets by intent or acts of God, and job related illness or injury.

The City has procured commercial insurance, which in the City's estimation, is adequate to reduce the risk of loss to a manageable level.

**NOTE 9. REDEVELOPMENT AGENCY:**

In accordance with Section 17A-2-1219, Utah Code Annotated all municipalities having established Redevelopment Agency's are required to disclose the following revenues and expenditures associated with the various project areas.

**Cedar Downtown**

Tax increment collected	\$ 673,343
Interest Income	17,773
Miscellaneous Revenues	286,035
Balance of debt	2,120,000

**Expenditures:**

Site improvements and maintenance	\$ 11,789
Debt Service	745,899

**NOTE 10. RECAPTURED LOSSES:**

Utah Risk Management Mutual Association (URMMA), which provides liability and other insurance coverage to the City, determines recaptured losses that are to be paid by the City relating to claims filed against the City.

As of June 30, 2005, the City had \$221,623 in outstanding recaptured losses that will be paid with premiums due in future years.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 11. LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS:**

Cedar City has estimated closure and post-closure care costs for the City landfill to be \$54,699. The nature and source of these costs as estimated by Cedar City are described below as well as other pertinent information concerning the landfill.

As of the date of this report, the City had not been notified of any corrective actions that need to be taken towards the landfill.

The City has placed funds in a restricted account with the Public Treasurer's Investment Pool sufficient to provide for the estimated closure and post-closure costs.

Closure Costs:	<u>Bulloch Pit</u>
Cover material	<u>\$ 53,373</u>
Total Closure Costs	53,373
Post-Closure Costs:	
Vegetative cover	<u>2,135</u>
Total Post-Closure Costs	<u>2,135</u>
Total Costs	<u>\$ 55,508</u>

To date, Cedar City has not incurred any closure or post-closure care costs. The total estimated costs to be recognized remains at \$55,508.

Estimated landfill capacity used to date based on the city engineers estimates are as follows:

Bulloch Pit	16%
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The City estimates the useful life of the landfill as follows:

Bulloch Pit	25.1 years
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**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 12. COMPONENTS OF RESERVED FUND EQUITY**

The components of reserved fund equity reported on the combined balance sheet are as follows:

General Fund:	
Class C Roads	\$1,936,518
AYSO Soccer Field Donation	151
2400 No. Right of Way	65,300
Perry Legacy Donation	10,237
Skate Park Donation	693
State Liquor Funds	<u>19,107</u>
Total General Fund	2,032,006
Airport Construction	<u>1,151,731</u>
Total Capital Projects - Major	1,151,731
SID 2002-1	<u>352,117</u>
Total Debt Service Fund - Major	352,117
Other Governmental Funds:	
Cross Hollows Multi-Event Lease Proceeds	39,127
Cross Hollows Multi-Event	29,056
Downtown Parking	47,920
Transportation Impact Fees	1,390,569
Parks and Recreation Impact Fees	1,301,189
Public Safety Impact Fees	399,089
Task Force	132,489
Bond Interest Checking	55,522
SID 98-1	655,967
SID 95-1	99,538
SID 96-1	64,552
SID 97-1	123,820
Special Improvement Guarantee	381,150
Capital Improvement Fire Engine	53,753
Library Construction	200,377
Redevelopment Agency	718,137
Coal Creek Flood Control	23,585
Industrial Park	<u>52,674</u>
Total Other Governmental Funds	<u>5,768,514</u>
Total Governmental Funds	<u><u>\$9,304,368</u></u>



**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 12. COMPONENTS OF RESERVED FUND EQUITY - CONTINUED**

Enterprise Funds:	
Water Fund - Community Development	\$1,127,876
Sewer Collection Fund - Debt Service	104,199
Sewer Collection Fund - Community Development	883,669
Sewer Plant - Debt Service	1,565,533
Sewer Plant - Community Development	175,490
Storm Drain - Community Development	129,639
Solid Waste - Reserve for Closure & Post Closure	<u>58,595</u>
Total Enterprise Funds	<u><u>\$4,045,001</u></u>

**NOTE 13. INDUSTRIAL REVENUE BONDS - SERIES 2000**

Industrial revenue bonds in the amount of \$4,000,000 were issued during the year ending June 30, 2001. The proceeds derived from the sale of the bonds was loaned to White Wave, Inc., the borrower, and will finance the acquisition and installation of new equipment to be used in the manufacturing of soy beverage products.

The bonds are to be repaid by the borrower, White Wave Inc., pursuant to a loan agreement dated October 1, 2000.

The bonds are a limited obligation of the City as provided by the Utah Industrial Facilities and Development Financing Act and the City is under no circumstances, obligated to pay the bonds or respective costs, neither is the taxing power of the City pledged or obligated in any way to repay the bonds.

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 14. INSURANCE COVERAGE**

The City has acquired the following insurance coverage:

<u>Description</u>	<u>Coverage</u>	<u>Amount</u>
Automobile	Bodily injury liability: Combined limit	\$ 6,000,000
	Property damage liability: Combined limit	6,000,000
	Uninsured - Person: per occurrence	500,000
	per person	250,000
General Liability	Combined Limit	6,000,000
Property Coverage: Blanket Building, Equipment & Contents	All Risk Policy	38,958,355
Equipment Breakdown		50,000,000
Emergency Vehicles		1,793,725
Airport Liability		5,000,000
Off Duty Liability		1,000,000
Faithful Performance Bonds:		
City Treasurer		1,500,000
City Treasurer and Recorder		162,300
Finance Director		27,000
Blanket bond - Public Employees (All employees except treasurer)		100,000

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 15. UTILITY RATES**

<b>Water</b>	<b><u>Impact Fee</u></b>	<b><u>Meter Cost</u></b>
One inch or less	\$ 2,194.00	\$ 250.00
One and one half inch	5,485.00	553.00
Two inch	8,777.00	828.00
Three inch	12,799.00	1,770.00
Four inch	19,015.00	2,610.00
Six inch	32,179.00	3,150.00
<b><u>Usage</u></b>		
Minimum charge	13.00	
Additional Charge - Based on usage Schedule and classification	.48 to 1.20	
<b>Sewer</b>		
Impact Fee (Based on Water Line Size)		
1 inch	546.00	
1 ½ inches	1,366.00	
2 inches	2,185.00	
3 inches	3,187.00	
4 inches	4,785.00	
6 inches	8,012.00	
Usage (per month) (single family unit)	23.00	
<b>Garbage</b>		
Can	100.00	
Usage (per Month)	3.00	
Land Fill Fee	4.00	
<b>Storm Drain</b>		
Monthly Charge	2.00	
<b>Cemetery</b>		
Burial plot (each grave site - Resident)	260.00	
Burial plot (each grave site) - Non-Resident	550.00	
<b><u>Interment</u></b>		
Adult - Weekday - Resident	170.00	
Adult - Weekday - Non Resident	200.00	
Adult - Weekend or Holiday - Resident	225.00	
Adult - Weekend or Holiday - Non Resident	260.00	
Infant - Weekday - Resident	100.00	
Infant - Weekday - Non Resident	120.00	
Infant - Weekend or Holiday - Resident	130.00	
Infant - Weekend or Holiday - Non Resident	200.00	
<b><u>Disinterment</u></b>		
Disinterment - Adult	500.00	
Disinterment - Infant	200.00	
Cremation Remains - Resident - Weekday	100.00	
Cremation Remains - Non-Resident - Weekday	120.00	
Cremation Remains - Resident - Weekend or Holiday	130.00	
Cremation Remain - Non-Resident - Weekend or Holiday	200.00	

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 16. IMPLEMENTATION OF GASB PRONOUNCEMENTS AND PRIOR PERIOD ADJUSTMENTS**

The City has completed an ongoing inventory of infrastructure assets for the Enterprise Funds.

The prior period adjustment is related to the inventory performed on the following funds:

	<u>Beginning Net Assets</u>	<u>Prior Period Adjustment</u>	<u>Beginning Net Assets After Adjustment</u>
Water Enterprise Fund	\$ 23,448,573	\$ 71,155	\$ 23,519,728

In addition, the City removed assets from the fixed asset records of the Governmental Funds that had been previously disposed of.

	<u>Beginning Net Assets</u>	<u>Prior Period Adjustment</u>	<u>Beginning Net Assets After Adjustment</u>
Governmental Funds	\$ 60,427,816	\$ (121,772)	\$ 60,306,044

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 17. CAPITAL ASSETS**

Capital asset activity for the year June 30, 2005 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$28,726,824	\$ 1,039,883	\$ (101,156)	\$ 29,665,551
Construction in progress	4,799,516	4,907,665	(4,335,357)	5,371,824
Total capital assets, not being depreciated	33,526,340	5,947,548	(4,436,513)	35,037,375
Capital assets, being depreciated:				
Buildings	24,606,207	4,047,754	(953,290)	27,700,671
Improvements other than buildings	30,158,617	1,858,541		32,017,158
Office furniture and equipment	246,241	161,859	(9,574)	398,526
Machinery & Equipment	1,344,313	58,048	(56,051)	1,346,310
Automobiles & Trucks	3,186,162	682,195	(81,325)	3,787,032
Total capital assets, being depreciated	59,541,540	6,808,397	(1,100,240)	65,249,697
Accumulated depreciation for:				
Buildings	2,102,772	549,862	(88,664)	2,563,970
Improvements other than buildings	10,251,907	1,333,443		11,585,350
Office furniture and equipment	145,639	35,617	(6,876)	174,380
Machinery & Equipment	649,751	79,082	(45,680)	683,153
Automobiles & Trucks	1,774,276	265,010	(78,497)	1,960,789
Total accumulated depreciation	14,924,345	2,263,014	(219,717)	16,967,642
Total capital assets, being depreciated,	44,617,195	4,545,383	(880,523)	48,282,055
Governmental activities capital assets, net	<u>\$78,143,535</u>	<u>\$10,492,931</u>	<u>\$5,317,036</u>	<u>\$ 83,319,430</u>

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

NOTE 17. CAPITAL ASSETS - CONTINUED

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<b>Business type activities:</b>				
Capital assets, not being depreciated				
Land	\$ 1,806,606			\$ 1,806,606
Construction in progress	<u>1,968,718</u>	<u>1,092,224</u>	<u>(286,010)</u>	<u>2,774,932</u>
Total capital assets, not being depreciated	<u>3,775,324</u>	<u>1,092,224</u>	<u>(286,010)</u>	<u>4,581,538</u>
Capital assets, being depreciated:				
Buildings	2,187,634	277,774		2,465,408
Improvement other than buildings	47,482,665	3,485,584	(28,891)	50,939,358
Office Furniture & equipment	5,493			5,493
Machinery & Equipment	1,091,862	37,746	(26,050)	1,103,558
Automobiles & Trucks	<u>775,253</u>	<u>581,213</u>		<u>1,356,466</u>
Total capital assets, being depreciated	<u>51,542,907</u>	<u>4,382,317</u>	<u>(54,941)</u>	<u>55,870,283</u>
Accumulated depreciation for:				
Buildings	1,020,052	80,558		1,100,610
Improvements other than buildings	12,848,054	1,325,219	(5,425)	14,167,848
Office furniture and equipment	2,880	549	(1,544)	1,885
Machinery & Equipment	532,869	65,005	(18,242)	579,632
Automobiles & Trucks	<u>530,646</u>	<u>64,820</u>		<u>595,466</u>
Total accumulated depreciation	<u>14,934,501</u>	<u>1,536,151</u>	<u>(25,211)</u>	<u>16,445,441</u>
Total capital assets, being depreciated, net	<u>36,608,406</u>	<u>2,846,166</u>	<u>(29,730)</u>	<u>39,424,842</u>
Business type activities capital assets, net	<u>\$40,383,730</u>	<u>\$3,938,390</u>	<u>\$315,740)</u>	<u>\$ 44,006,380</u>

**CEDAR CITY, UTAH**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2005

**NOTE 17. CAPITAL ASSETS - CONTINUED**

	<u>Beginning Balance</u>
Depreciation was charged to functions as follows:	
General government	\$ 6,719
Police protection	127,899
Other public safety & inspection services	82,315
Streets & Highways	1,069,766
Parks, cemetery, and public property	570,948
Culture & recreation	166,690
Public works	9,261
Community & economic development	13,260
Transportation services	218,449
Total	<u>\$ 2,265,307</u>

**NOTE 18. SUBSEQUENT EVENTS**

Subsequent to year end, the City used proceeds from the sale of property to pay off the \$1,500,000 Sales Tax Revenue bonds used to construct the new airport terminal building.

**REQUIRED SUPPLEMENTARY INFORMATION**

**(Unaudited)**



**CEDAR CITY CORPORATION**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2005**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget -</b>
				<b>Positive</b>
				<b>(Negative)</b>
Budgetary fund balance, July 1	\$ 2,142,445	\$ 2,142,445	\$ 2,142,445	\$ -
Resources (inflows):				
Taxes	8,205,775	8,313,775	9,093,796	780,021
Interest Earnings	25,000	25,000	98,060	73,060
Licenses and Permits	514,000	1,017,200	1,193,315	176,115
Intergovernmental revenues	642,553	1,697,058	1,548,799	(148,259)
Charges for Services	249,350	269,230	412,160	142,930
Fines and forfeitures	103,500	103,500	139,927	36,427
Miscellaneous	503,754	515,269	832,161	316,892
Contributions from outside sources	-	25,030	8,370	(16,660)
Operating transfers in	1,723,985	1,123,785	727,649	(396,136)
Amounts available for appropriation	14,110,362	15,232,292	16,196,681	964,390
Charges to appropriations (outflows):				
General government				
Administration	1,141,433	1,375,832	1,236,962	138,870
Police protection				
Police	2,695,466	2,780,579	2,702,797	77,782
Other public safety & inspection services				
Fire department	1,058,993	1,073,112	956,032	117,080
Protective Inspection	213,783	216,982	180,309	36,673
Animal control	139,354	139,738	127,568	12,170
Civil defense & emergency services	-	-	-	-
Justice court	56,907	56,907	25,828	31,079
Streets & highways				
Streets & highways	2,146,361	2,306,361	1,816,944	489,417
Class "C" road	-	77,000	36,045	40,955
Parks, cemetery, and public property				
City building	102,700	108,700	104,582	4,118
Parks & cemetery	533,440	533,440	522,710	10,730
Culture & recreation				
Recreation	449,341	452,341	436,155	16,186
Library	397,508	409,322	386,325	22,997
Public works				
City engineer	502,100	502,100	488,465	13,635
Community & economic development				
Community promotions	168,525	168,525	164,340	4,185
Economic development	163,893	178,443	172,720	5,723
Public relations	86,227	86,226	83,827	2,399
Transfers out to other funds				
Operating transfers out	1,875,797	3,253,722	2,272,421	981,301
Total charges to appropriations	11,731,828	13,719,330	11,714,031	2,005,299
Budgetary fund balance, June 30	\$ 2,378,534	\$ 1,512,962	\$ 4,482,650	\$ 2,969,689

The notes to the financial statements are an integral part of this statement.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

**CEDAR CITY CORPORATION**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
June 30, 2005

	<u>Airport</u>	<u>Downtown Parking</u>	<u>Transportation Impact Fees</u>	<u>Parks/Recreation Impact Fees</u>	<u>Public Safety Impact Fees</u>
<b>Assets:</b>					
Cash & cash equivalents	\$ 65,956	\$ 47,947	\$ 1,390,569	\$ 1,301,189	\$ 399,089
Special assessments receivable					
Other receivables	30,258	608			
Pre-paid expenditures					
Due from other funds					
Total assets	<u>\$ 96,214</u>	<u>\$ 48,556</u>	<u>\$ 1,390,569</u>	<u>\$ 1,301,189</u>	<u>\$ 399,089</u>
<b>Liabilities:</b>					
Cash with negative balances	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	7,801	636			
Accrued interest payable					
Deferred revenue					
Total liabilities	<u>7,801</u>	<u>636</u>			
<b>Fund balances:</b>					
Reserved		47,920	1,390,569	1,301,189	399,089
Unreserved, undesignated	88,413				
Total fund balances	<u>88,413</u>	<u>47,920</u>	<u>1,390,569</u>	<u>1,301,189</u>	<u>399,089</u>
Total liabilities and fund balances	<u>\$ 96,214</u>	<u>\$ 48,556</u>	<u>\$ 1,390,569</u>	<u>\$ 1,301,189</u>	<u>\$ 399,089</u>

**CEDAR CITY CORPORATION**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
June 30, 2005

	Municipal Building Authority	Task Force	Cedar Area Transit	Heritage Center	Special Debt Service
<b>Assets:</b>					
Cash & cash equivalents	\$ -	\$ 120,395	\$ -	\$ 5,253	\$ 56,022
Special assessments receivable					
Other receivables		13,101	23,708		
Pre-paid expenditures					
Due from other funds					
Total assets	\$ -	\$ 133,496	\$ 23,708	\$ 5,253	\$ 56,022
<b>Liabilities:</b>					
Cash with negative balances	\$ -	\$ -	\$ 3,174	\$ -	\$ -
Accounts payable		1,007	2,177	4,953	500
Accrued interest payable					
Deferred revenue					
Total liabilities		1,007	5,351	4,953	500
<b>Fund balances:</b>					
Reserved	-	132,489			55,522
Unreserved, undesignated			18,356	300	
Total fund balances		132,489	18,356	300	55,522
Total liabilities and fund balances	\$ -	\$ 133,496	\$ 23,708	\$ 5,253	\$ 56,022

**CEDAR CITY CORPORATION**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
June 30, 2005

	<u>Special Improve. #1-77</u>	<u>Special Improve #84-1</u>	<u>Special Improve #92-1</u>	<u>Special Improve #93-1</u>	<u>Special Improve #95-1</u>	<u>Special Improve #95-2</u>
<b>Assets:</b>						
Cash & cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 99,638	\$ -
Special assessments receivable	14,853	28,649		1,047,604	22,828	288,494
Other receivables						
Pre-paid expenditures						
Due from other funds						
Total assets	<u>\$ 14,853</u>	<u>\$ 28,649</u>	<u>\$ -</u>	<u>\$ 1,047,604</u>	<u>\$ 122,466</u>	<u>\$ 288,494</u>
<b>Liabilities:</b>						
Cash with negative balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable					100	
Accrued interest payable						
Deferred revenue	<u>14,853</u>	<u>28,649</u>		<u>1,047,604</u>	<u>22,828</u>	<u>288,494</u>
Total liabilities	<u>14,853</u>	<u>28,649</u>		<u>1,047,604</u>	<u>22,928</u>	<u>288,494</u>
<b>Fund balances:</b>						
Reserved					99,538	
Unreserved, undesignated						
Total fund balances					<u>99,538</u>	
Total liabilities and fund balances	<u>\$ 14,853</u>	<u>\$ 28,649</u>	<u>\$ -</u>	<u>\$ 1,047,604</u>	<u>\$ 122,466</u>	<u>\$ 288,494</u>

**CEDAR CITY CORPORATION**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
June 30, 2005

	Special Improve #96-1	Special Improve #97-1	Special Improvement 1998-1	Special Improve Guarantee	Coal Creek Flood Control	Capital Construction
<b>Assets:</b>						
Cash & cash equivalents	\$ 64,552	\$ 123,820	\$ 655,967	\$ 381,150	\$ -	\$ 2,033,440
Special assessments receivable	56,291	243,650	1,159,920			
Other receivables					224,001	
Pre-paid expenditures						
Due from other funds						
Total assets	<u>\$ 120,843</u>	<u>\$ 367,471</u>	<u>\$ 1,815,887</u>	<u>\$ 381,150</u>	<u>\$ 224,001</u>	<u>\$ 2,033,440</u>
<b>Liabilities:</b>						
Cash with negative balances	\$ -	\$ -	\$ -	\$ -	\$ 108,424	\$ -
Accounts payable					91,992	
Accrued interest payable						
Deferred revenue	56,291	243,650	1,159,920			
Total liabilities	<u>56,291</u>	<u>243,650</u>	<u>1,159,920</u>		<u>200,416</u>	
<b>Fund balances:</b>						
Reserved	64,552	123,820	655,967	381,150	23,585	53,753
Unreserved, undesignated						1,979,687
Total fund balances	<u>64,552</u>	<u>123,820</u>	<u>655,967</u>	<u>381,150</u>	<u>23,585</u>	<u>2,033,440</u>
Total liabilities and fund balances	<u>\$ 120,843</u>	<u>\$ 367,471</u>	<u>\$ 1,815,887</u>	<u>\$ 381,150</u>	<u>\$ 224,001</u>	<u>\$ 2,033,440</u>

**CEDAR CITY CORPORATION**  
Combining Balance Sheet  
**Nonmajor Governmental Funds**  
June 30, 2005

	Redevelopment Agency	Library Construction	Aviation Way Capital Project	Cross Hollows Road	Industrial Park Phase III	Cross Hollows Event Center
<b>Assets:</b>						
Cash & cash equivalents	\$ 629,630	\$ 223,115	\$ 1,128	\$ -	\$ -	\$ 81,938
Special assessments receivable						
Other receivables	94,509			32,804	244,049	
Pre-paid expenditures						
Due from other funds						
Total assets	<u>\$ 724,139</u>	<u>\$ 223,115</u>	<u>\$ 1,128</u>	<u>\$ 32,804</u>	<u>\$ 293,281</u>	<u>\$ 81,938</u>
<b>Liabilities:</b>						
Cash with negative balances	\$ -	\$ -	\$ -	\$ 32,804	\$ 240,607	\$ -
Accounts payable	6,002	5,950	1,128			5,475
Accrued interest payable						
Deferred revenue		16,788				
Total liabilities	<u>6,002</u>	<u>22,737</u>	<u>1,128</u>	<u>32,804</u>	<u>240,607</u>	<u>5,475</u>
<b>Fund balances:</b>						
Reserved	718,137	200,377			52,674	68,183
Unreserved, undesignated						8,280
Total fund balances	<u>718,137</u>	<u>200,377</u>			<u>52,674</u>	<u>76,463</u>
Total liabilities and fund balances	<u>\$ 724,139</u>	<u>\$ 223,115</u>	<u>\$ 1,128</u>	<u>\$ 32,804</u>	<u>\$ 293,281</u>	<u>\$ 81,938</u>

**CEDAR CITY CORPORATION**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
June 30, 2005

	<b>Total Nonmajor Governmental Funds</b>
<b>Assets:</b>	
Cash & cash equivalents	\$ 7,680,800
Special assessments receivable	2,862,289
Other receivables	649,938
Pre-paid expenditures	13,101
Due from other funds	49,232
Total assets	<u>\$ 11,255,359</u>
<b>Liabilities:</b>	
Cash with negative balances	\$ 385,010
Accounts payable	127,721
Accrued interest payable	
Deferred revenue	<u>2,879,077</u>
Total liabilities	<u>3,391,808</u>
<b>Fund balances:</b>	
Reserved	5,768,514
Unreserved, undesignated	<u>2,095,037</u>
Total fund balances	<u>7,863,551</u>
Total liabilities and fund balances	<u>\$ 11,255,359</u>



**CEDAR CITY CORPORATION**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
Year Ended June 30, 2005

	Airport	Downtown Parking	Transportation Impact Fees	Parks/Recreation Impact Fees	Public Safety Impact Fees	Municipal Building Authority	Task Force	Cedar Area Transit	Heritage Center	Special Debt Service
<b>REVENUES:</b>										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest earnings	1,396	1,030	32,086	23,881	10,120	148	2,993	60,527	-	-
Intergovernmental revenues							51,492	19,536		
Charges for services	162,220	4,789								
Miscellaneous	387	44,641	376,160	535,096	77,659		5,449		83,323	
Total Revenues	<u>164,002</u>	<u>50,460</u>	<u>408,246</u>	<u>558,977</u>	<u>87,779</u>	<u>148</u>	<u>59,934</u>	<u>80,063</u>	<u>83,323</u>	
<b>EXPENDITURES:</b>										
General government		8,012				590				
Police protection										
Other public safety & inspection services					5,485		101,276			
Streets & highways										
Parks, cemetery, and public property		12,533	68,038	7,603					287,541	
Culture & recreation										
Public works										
Community & economic development								121,025		
Transportation services	131,208									
Capital outlay										
Debt service:										
Principal retirements										334,000
Interest and fiscal charges										201,125
Total Expenditures	<u>131,208</u>	<u>20,545</u>	<u>68,038</u>	<u>7,603</u>	<u>5,485</u>	<u>580,978</u>	<u>101,276</u>	<u>121,025</u>	<u>287,541</u>	<u>535,125</u>
Excess of Revenues over (under) Expenditures	<u>32,795</u>	<u>29,915</u>	<u>340,208</u>	<u>551,374</u>	<u>82,294</u>	<u>(1,066,420)</u>	<u>(41,342)</u>	<u>(40,963)</u>	<u>(204,219)</u>	<u>(535,125)</u>
<b>OTHER FINANCING SOURCES (USES):</b>										
Debt proceeds										
Operating transfers in		(13,820)	(198,470)		(94,439)	1,066,419		49,450	204,218	590,646
Operating transfers out										
Sale of fixed assets										
Total Other Financing Sources (Uses)		<u>(13,820)</u>	<u>(198,470)</u>		<u>(94,439)</u>	<u>1,066,419</u>		<u>49,450</u>	<u>204,218</u>	<u>590,646</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>32,795</u>	<u>16,095</u>	<u>141,738</u>	<u>551,374</u>	<u>(12,144)</u>	<u>-</u>	<u>(41,342)</u>	<u>8,487</u>	<u>300</u>	<u>55,522</u>
FUND BALANCES JULY 1	55,618	31,825	1,248,831	749,815	411,233		173,831	9,869		
FUND BALANCES JUNE 30	<u>\$ 88,413</u>	<u>\$ 47,920</u>	<u>\$ 1,390,569</u>	<u>\$ 1,301,189</u>	<u>\$ 399,089</u>	<u>\$ -</u>	<u>\$ 132,489</u>	<u>\$ 18,356</u>	<u>\$ 300</u>	<u>\$ 55,522</u>

**CEDAR CITY CORPORATION**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2005**

	Special Improve. #1-77	Special Improve #84-1	Special Improve #92-1	Special Improve #93-1	Special Improve #95-1	Special Improve #95-2	Special Improve #96-1	Special Improve #97-1	Special Improvement 1998-1	Special Improve Guarantee	Coal Creek Flood Control
<b>REVENUES:</b>											
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46	\$ 2,375	\$ -	\$ -	\$ -	\$ -
Interest earnings	-	-	350	-	2,669	-	-	2,912	13,050	12,568	-
Intergovernmental revenues	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	50,216	139,297	31,272	52,964	83,121	53,386	587,919	-	262,626
Total Revenues	-	-	50,566	139,297	33,941	53,010	83,496	56,298	600,969	12,568	262,626
<b>EXPENDITURES:</b>											
General government			9,637								
Police protection											
Other public safety & inspection services											
Streets & highways											
Parks, cemetery, and public property											
Culture & recreation											
Public works											
Community & economic development											
Transportation services											
Capital outlay											
Debt service:											
Principal retirements					38,000	59,000	90,000	49,000	180,000		239,041
Interest and fiscal charges		50			4,623	10,666	19,694	13,190	78,550		
Total Expenditures		50	9,637	14	42,623	69,666	109,694	62,190	258,550		239,041
Excess of Revenues over (under) Expenditures		(50)	40,929	139,283	(8,682)	(16,656)	(24,198)	(5,892)	342,419	12,568	23,585
<b>OTHER FINANCING SOURCES (USES):</b>											
Debt proceeds											
Operating transfers in		50	(40,929)	(139,283)		16,656				180,212	
Operating transfers out										(286,706)	
Sale of fixed assets											
Total Other Financing Sources (Uses)		50	(40,929)	(139,283)		16,656				(106,494)	
Excess of revenues and other sources over (under) expenditures and other uses					(8,682)		(24,198)	(5,892)	342,419	(93,926)	23,585
<b>FUND BALANCES JULY 1</b>					108,220		88,750	129,712	313,549	475,076	
<b>FUND BALANCES JUNE 30</b>	\$ -	\$ -	\$ -	\$ -	\$ 99,538	\$ -	\$ 64,552	\$ 123,820	\$ 655,967	\$ 381,150	\$ 23,585

**CEDAR CITY CORPORATION**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
Year Ended June 30, 2005

	Capital Construction	Redevelopment Agency	Library Construction	Aviation Way Capital Project	Cross Hollows Road	Industrial Park Phase III	Cross Hollows Event Center	Nonmajor Governmental Funds
<b>REVENUES:</b>								
Taxes	\$ -	\$ 673,343	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 673,343
Interest earnings								154,755
Intergovernmental revenues	24,268	17,773	6,985			788,829	107	1,163,474
Charges for services								186,544
Miscellaneous		286,035	38,036				80,451	2,525,412
<b>Total Revenues</b>	<b>24,268</b>	<b>977,151</b>	<b>45,021</b>			<b>788,829</b>	<b>80,558</b>	<b>4,703,529</b>
<b>EXPENDITURES:</b>								
General government		112,152						130,392
Police protection								106,760
Other public safety & inspection services					9,617			9,617
Streets & highways								88,188
Parks, cemetery, and public property							240,135	527,676
Culture & recreation								
Public works								
Community & economic development								252,233
Transportation services		11,789	158,047	40,878		884,130		1,333,885
Capital outlay								1,861,038
Debt service:		626,038						1,028,735
Principal retirements		119,861						5,338,526
Interest and fiscal charges		869,840	158,047	40,878	9,617	884,130	240,135	(634,997)
<b>Total Expenditures</b>	<b>24,268</b>	<b>1,073,311</b>	<b>(113,026)</b>	<b>(40,878)</b>	<b>(9,617)</b>	<b>(95,301)</b>	<b>(159,577)</b>	
<b>Excess of Revenues over (under) Expenditures</b>								
<b>OTHER FINANCING SOURCES (USES):</b>								
Debt proceeds								100,000
Operating transfers in	620,000	13,820		40,878	9,617	147,975	100,000	3,003,976
Operating transfers out	(173,034)	(5,000)					64,035	(951,681)
Sale of fixed assets								
<b>Total Other Financing Sources (Uses)</b>	<b>446,966</b>	<b>8,820</b>		<b>40,878</b>	<b>9,617</b>	<b>147,975</b>	<b>164,035</b>	<b>2,152,295</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>471,233</b>	<b>116,131</b>	<b>(113,026)</b>	<b>-</b>	<b>-</b>	<b>52,674</b>	<b>4,458</b>	<b>1,517,298</b>
<b>FUND BALANCES JULY 1</b>	<b>1,562,207</b>	<b>602,007</b>	<b>313,403</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72,006</b>	<b>6,346,252</b>
<b>FUND BALANCES JUNE 30</b>	<b>\$ 2,033,440</b>	<b>\$ 718,137</b>	<b>\$ 200,377</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 52,674</b>	<b>\$ 76,463</b>	<b>\$ 7,863,551</b>

**CEDAR CITY CORPORATION**  
**Combining Statement of Net Assets**  
**Nonmajor Proprietary Funds**  
June 30, 2005

	<u>Golf Course</u>	<u>Storm Drain Utility Fund</u>	<u>Solid Waste</u>	<u>Public Works Facilities</u>	<u>Total</u>
<b>Assets</b>					
Current assets:					
Cash & cash equivalents	\$ -	\$ -	\$ 572,907	\$ 65,186	\$ 638,093
Accounts receivable (net of allowance)	4,455	13,078	47,617		65,150
Receivable from other governmental entities		351,051			351,051
Total current assets	4,455	364,129	620,524	65,186	1,054,293
Long-term assets:					
Construction in progress	26,627	1,123		412,922	440,672
Capital assets, net of accumulated depreciation	631,963	3,523,938	244,752	184,967	4,585,620
Total long-term assets	658,590	3,525,060	244,752	597,889	5,026,292
Total assets	663,045	3,889,189	865,276	663,075	6,080,586
<b>Liabilities and Net Assets</b>					
Liabilities:					
Current liabilities:					
Negative cash balance	16,544	17,122	-		33,665
Accounts payable	36,860	6,834	90,224	9,617	143,536
Accrued interest		2,283			2,283
Compensated absences payable	22,700	5,338	11,903		39,941
Capital leases payable within one year	55,600				55,600
Bonds payable within one year		10,000			10,000
Due to other funds				633,118	633,118
Total current liabilities	131,704	41,577	102,127	642,736	918,144
Non-current liabilities:					
Capital leases payable after one year					-
Bonds payable after one year		127,000			127,000
Total non-current liabilities:	-	127,000	-	-	127,000
Total liabilities	131,704	168,577	102,127	642,736	1,045,144
Net assets:					
Invested in capital assets, net of related debt	602,990	3,388,060	244,752	597,889	4,833,691
Restricted for:					
Debt service	-		-		-
Other purposes		129,639	58,595		188,234
Unrestricted	(71,649)	202,913	459,800	(577,550)	13,514
Total net assets	\$ 531,341	\$ 3,720,612	\$ 763,148	\$ 20,339	\$ 5,035,440

**CEDAR CITY CORPORATION**  
**Combining Statement of Revenues, Expenses and Changes in Net Assets**  
**Nonmajor Proprietary Funds**  
**Year Ended June 30, 2005**

	<b>Golf Course</b>	<b>Storm Drain Utility Fund</b>	<b>Solid Waste</b>	<b>Public Works Facilities</b>	<b>Total</b>
<b>Operating revenues:</b>					
Charges for services	\$ 652,453	\$ 141,199	\$ 298,175	\$ -	\$ 1,091,827
Miscellaneous	1,395				1,395
Total operating revenues	<u>653,848</u>	<u>141,199</u>	<u>298,175</u>	<u>-</u>	<u>1,093,222</u>
<b>Operating expenses:</b>					
Salaries	278,853	33,876	80,296		393,025
Employees benefits	99,272	18,557	35,174		153,003
Utilities	26,462		257	18,357	45,075
Professional services	403	158	164		725
Repairs and maintenance	78,823	20,237	27,289	5,932	132,281
Contract services					-
Insurance	2,063	364	3,217	660	6,304
Miscellaneous	47,491	1,625	6,811		55,927
Supplies	49,820	1,720	48,506	2,017	102,062
Bad debt expense		79	248		327
Depreciation	30,878	74,410	17,136	3,997	126,422
Total operating expenses	<u>614,066</u>	<u>151,026</u>	<u>219,097</u>	<u>30,963</u>	<u>1,015,152</u>
Operating income (loss)	<u>39,782</u>	<u>(9,826)</u>	<u>79,078</u>	<u>(30,963)</u>	<u>78,070</u>
<b>Nonoperating income:</b>					
Interest earnings	860	6,869	15,808	2,337	25,873
Impact fees		300,095			300,095
Loss on disposal of assets	31,736				31,736
Interest & fiscal charges		(3,508)			(3,508)
Total nonoperating income	<u>32,596</u>	<u>303,455</u>	<u>15,808</u>	<u>2,337</u>	<u>354,196</u>
Income before transfers/contributions	<u>72,378</u>	<u>293,629</u>	<u>94,886</u>	<u>(28,626)</u>	<u>432,266</u>
Contributions					-
Transfers in				75,170	75,170
Transfers out	(33,000)	(16,207)	(18,188)	(26,205)	(93,599)
Change in net assets	<u>39,378</u>	<u>277,422</u>	<u>76,698</u>	<u>20,339</u>	<u>413,837</u>
Net assets - beginning	<u>491,963</u>	<u>3,443,190</u>	<u>686,450</u>		<u>4,621,603</u>
Net assets - ending	<u>\$ 531,341</u>	<u>\$ 3,720,612</u>	<u>\$ 763,148</u>	<u>\$ 20,339</u>	<u>\$ 5,035,440</u>

**CEDAR CITY CORPORATION**  
**Combining Statement of Cash Flows**  
**Nonmajor Proprietary Funds**  
Year Ended June 30, 2005

	<u>Golf Course</u>	<u>Storm Drain Utility Fund</u>	<u>Solid Waste</u>	<u>Public Works Facilities</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$ 649,393	\$ 141,141	\$ 294,853	\$ -	\$ 1,085,387
Cash payments to suppliers for goods and services	(193,508)	(40,294)	(60,670)	(17,349)	(311,821)
Cash payments to employees for services	(376,261)	(50,964)	(114,765)	-	(541,990)
Net cash provided (used) by operating activities	79,624	49,883	119,418	(17,349)	231,576
<b>Cash flows from noncapital financing activities:</b>					
Operating transfers to other funds	(33,000)	(16,207)	(18,188)	48,965	(18,430)
Cash payments to/from other funds		43,290		633,118	676,408
Net cash (used) by noncapital financing activities	(33,000)	27,083	(18,188)	682,083	657,978
<b>Cash flows from capital and related financing activities:</b>					
Cash received from impact fees	-	300,095			300,095
Other receipts (payments)		-			-
Acquisition of capital assets	(74,053)	(34,864)	(175,206)	(601,885)	(886,008)
Interest paid on capital debt		(3,675)			(3,675)
Principal paid on capital debt		(10,000)			(10,000)
Net cash (used) by capital and related activities	(74,053)	251,556	(175,206)	(601,885)	(599,588)
<b>Cash flows from investing activities</b>					
Interest received	860	6,869	15,808	2,337	25,874
Net cash (used) by investing activities	860	6,869	15,808	2,337	25,874
Net increase in cash and cash equivalents	(26,569)	335,391	(58,168)	65,186	315,840
<b>Cash and Cash Equivalents - Beginning</b>	<u>10,025</u>	<u>(352,513)</u>	<u>631,075</u>	<u>-</u>	<u>288,588</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ (16,544)</u>	<u>\$ (17,122)</u>	<u>\$ 572,907</u>	<u>\$ 65,186</u>	<u>\$ 604,428</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 39,782	\$ (9,826)	\$ 79,078	\$ (30,963)	\$ 78,071
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	30,879	74,410	17,136	3,998	126,423
Increase decrease accounts receivable	(4,455)	(58)	(3,323)		(7,836)
Increase decrease in accounts payable	11,554	(16,112)	25,822	9,616	30,880
Increase decrease in compensated absences	1,864	1,469	705		4,038
Total adjustments	39,842	59,709	40,340	13,614	153,505
Net cash provided (used) by operating activities	\$ 79,624	\$ 49,883	\$ 119,418	\$ (17,349)	\$ 231,576

**SINGLE AUDIT SECTION**

# *Wilson & Company*

Certified Public Accountants / A Professional Corporation

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable City Council

Cedar City, Utah

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Cedar City, Utah as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 29, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Cedar City, Utah's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Cedar City, Utah in a separate letter dated January 6, 2006.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Cedar City, Utah's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of



Cedar City, Utah  
Page 2

noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we reported to management of Cedar City, Utah in a separate letter dated January 6, 2006.

This report is intended solely for the information and use of the management of Cedar City, Utah, and applicable federal and state funding and auditing agencies and is not intended to be and should not be used by anyone other than these specified parties.

  
WILSON & COMPANY  
Certified Public Accountants

Cedar City, Utah  
December 29, 2005

# Wilson & Company

Certified Public Accountants / A Professional Corporation

## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Honorable City Council

Cedar City, Utah

### Compliance

We have audited the compliance of Cedar City, Utah with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Cedar City, Utah's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Cedar City, Utah's management. Our responsibility is to express an opinion on Cedar City, Utah's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cedar City, Utah's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Cedar City, Utah's compliance with those requirements.

In our opinion, Cedar City, Utah complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

### Internal Control Over Compliance

The management of Cedar City, Utah is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Cedar City, Utah's internal

control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of Cedar City, Utah's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these intended parties.



WILSON & COMPANY  
Certified Public Accountants

Cedar City, Utah  
December 29, 2005

**CEDAR CITY, UTAH**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2005

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of Cedar City, Utah.
2. No reportable conditions relating to the audit of the financial statements are reported in the Auditor's report on Internal Control and Compliance With Laws and Regulations.
3. No instances of noncompliance material to the financial statements of Cedar City, Utah were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs is reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Cedar City, Utah expresses an unqualified opinion.
6. There were no findings relative to the major federal award programs for Cedar City, Utah.
7. The programs tested as major programs are: Airport Improvement Program CFDA number 20.106 and Grants For Public Works and Economic Development Facilities CFDA number 11.300.
8. The threshold for distinguishing Type A programs is the larger of \$300,000 or 3% of all federal awards expended. Type B programs are those which are the larger of \$100,000 or 3% of total federal awards expended.
9. Cedar City, Utah was determined to be a low-risk auditee.

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

None.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None.

**CEDAR CITY, UTAH**  
**SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF**  
**FEDERAL AWARDS**  
For the Year Ended June 30, 2005

<u>Federal Assistance Programs</u>				
<u>Agency\Program Grant Title</u>	<u>CFDA #</u>	<u>Grantor Agency</u>	<u>Direct or Indirect</u>	<u>Amount of Expenditures</u>
<u>Department of Agriculture:</u>				
Watershed Protection and Flood Prevention	10.904	US Dept. of Commerce	Direct	\$ 262,626
Total Department of Agriculture				<u>262,626</u>
<u>Department of Commerce:</u>				
Grants for Public Works and Economic Development Facilities	11.300	US Dept. of Commerce	Direct	* 788,829
Total Department of Commerce				<u>788,829</u>
<u>Department of Homeland Security:</u>				
State Domestic Preparedness Equipment Support Program	97.004	US Dept. of Homeland	Direct	3,164
Total Department of Homeland Security				<u>3,164</u>
<u>Department of Health and Human Services</u>				
Community Services Block Grant - Adult Literacy	93.569	US Dept. of Health	Direct	4,589
Total Department of Health and Human Services				<u>4,589</u>
<u>Department of Housing and Urban Development</u>				
State Domestic Preparedness Equipment Support Program	14.228	US Dept. of Homeland	Direct	76,705
Total Department of Housing and Urban Development				<u>76,705</u>
<u>Department of Interior</u>				
National Fire Plan - Wildland Urban Interface Community				
Fire Assistance	15.228	US Dept. of Interior	Direct	5,000
Total Department of Interior				<u>5,000</u>
<u>Department of Justice</u>				
Public Safety Partnership - "COPS" Grant	16.710	US Dept. of Justice	Direct	42,500
Public Safety Partnership - Methamphetamine Initiative	16.710	US Dept. of Justice	Direct	38,880
Bulletproof Vest Partnership Program	16.607	US Dept. of Justice	Direct	6,402
Byrne Formula Grant Program	16.579	US Dept. of Justice	Direct	51,492
Total Department of Transportation				<u>139,274</u>
<u>Department of Transportation</u>				
Formula Grant for Other than Urbanized Areas	20.509	US Dept. of Trans.	Direct	60,527
Airport Improvement Program	20.106	US Dept. of Trans.	Direct	* 3,155,363
Total Department of Transportation				<u>3,215,890</u>
Total Federal Assistance				<u>\$ 4,496,077</u>

\* Denotes a Major Program

**CEDAR CITY, UTAH**  
**NOTES TO THE SCHEDULE OF EXPENDITURES**  
**OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2005**

NOTE 1: PURPOSE OF THE SCHEDULE

The Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Cedar City, Utah. The City reporting entity is defined in Note 1 to the City's government-wide financial statements. All federal financial awards received directly from federal agencies as well as federal financial awards passed through from other government agencies are included on the schedule.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The information in the schedule is presented in accordance with OMB circular A-133. The schedule is prepared using the same accounting policies and basis of accounting as the basic financial statements and is described in Note 1 to the City's government-wide financial statements.

CFDA Numbers

OMB Circular A-133 requires the schedule to show the total expenditures for each of the entity's federal financial assistance programs as identified in the Catalog of Federal Domestic assistance (CFDA). The CFDA is a government-wide compendium of individual federal programs. Each program included in the CFDA is assigned a five-digit program identification number (CFDA number).



## **COMPLIANCE SECTION**

# *Wilson & Company*

Certified Public Accountants / A Professional Corporation

**CEDAR CITY, UTAH**  
**AUDITOR'S REPORT ON COMPLIANCE WITH STATE FISCAL LAWS**  
**For the Year Ended June 30, 2005**

Honorable City Council  
Cedar City, Utah

We have audited the general purpose financial statements of Cedar City, Utah, for the year ended June 30, 2005 and have issued our report thereon dated December 29, 2005. As part of our audit, we have audited the City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching; level of effort, or earmarking; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended June 30, 2005. The City received the following major State assistance programs from the State of Utah:

C Road Funds (Department of Transportation)  
Liquor Law Enforcement (State Tax Commission)

Our audit also included test work on the City's compliance with those general compliance requirements identified in the Compliance manual for Audits of Local Governments in Utah including:

Public Debt	Impact Fees
Cash Management	B & C Roads
Purchasing Requirements	Uniform Building Code Standards
Budgetary Compliance	
Truth in Taxation	
Liquor Law Enforcement	
Other Compliance Requirements	

The management of Cedar City, Utah, is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States.



Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis evidence about the City's compliance with the requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with requirements referred to above, which are described in the accompanying management letter. We considered these instances of non compliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Cedar City, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of service allowed and unallowed; eligibility; matching, level of effort, or earmarking; reporting, and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2005.

  
WILSON & COMPANY  
Certified Public Accountants

Cedar City, Utah  
December 29, 2005

# *Wilson & Company*

Certified Public Accountants / A Professional Corporation

January 6, 2006

Honorable City Council  
Cedar City, Utah  
110 North Main  
Cedar City, UT 84720

We have examined the financial statements of Cedar City, Utah for the year ended June 30, 2005, and have issued our report thereon dated December 29, 2005. As part of our examination, we made a study and evaluation of the City's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the City's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of Cedar City, Utah is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation was made for the limited purpose described in the first paragraph and would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of Cedar City, Utah taken as a whole. However, our study and evaluation disclosed the following conditions that we believe require the City's further attention.

### Bank Reconciliations

We noted during our exam that transfers and other reconciling items such as NSF checks and bank charges are netted against amounts which come from cash receipts and cash disbursement journals and are not specifically shown on the bank reconciliation.

We suggest that these types of reconciling items be shown specifically on the reconciliation as opposed to netting them against the amounts coming from the journals. Doing so would make clearly visible any unusual reconciling item.

### Application For Reimbursement of Federal Funds

We noted during the exam that the application for reimbursement for funds expended on the Industrial Park Phase III project for November, 2004 to June 30, 2005 was not prepared and sent until October, 2005. Payment had not been received as of the date of the audit report.

We suggest that the City require that requests for reimbursement be prepared and sent as soon as possible after the expenditure of the funds in order to assure timely receipt of the federal funds. Doing so would minimize the time that City funds are outstanding and not earning interest.

### Signature Cards

Our exam revealed that the signature cards for the bank accounts had not been updated to delete the name of the former city manager. Another check signer was in the process of leaving the City and had not been removed as a check signer.

We suggest that as a matter of policy, that the City remove the name of any check signer who leaves the employ of City immediately after, if not right before the check signer leaves. Signature cards should then be updated as soon as possible to reflect the current check signers. The City should also have the City Council approve the name of any new check signer and have that action noted in the minutes before the name is placed on the signature card.

### Opening and Closing of Cash Accounts

During our exam we were unable to find in the minutes of the City Council where authorization was given for the opening or closing of cash accounts.

We suggest that the City note in the minutes the specific approval of the Council for the establishment or closing of any bank account.

### Negative Balances in Unrestricted Net Assets

We noted as a result of our exam that the Golf Course Fund has a negative balance in unrestricted net assets.

The City should analyze the fund to determine the best way to bring the balance of unrestricted net assets to a positive balance.

Storm Drain Utility Fund Net Operating Loss

We noted in our exam that the Storm Drain Utility Fund incurred a net operating loss of \$9,826. Proprietary funds should not incur net losses from operations.

We suggest the City take steps to insure that the Storm Drain Utility Fund does not continue to incur operating losses in the future. These steps may require adjusting rates, reducing expenses, or both.

SID #1-77

We noted in our exam that the uncollected balance of SID #1-77 has remained the same for several years. There was no indication that a special agreement of some kind pertained to this SID.

We suggest that the city attorney take action to collect the balances in this SID.

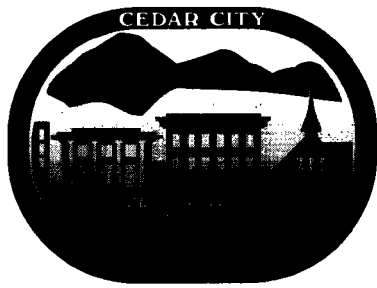
The previous conditions were considered in determining the nature, timing, and extent of the audit tests applied in our examination of the City's June 30, 2005, financial statements.

Our comments are intended to be constructive in nature. The absence of positive or complementary comments does not imply that the City operates in an inefficient or ineffective manner. We welcome the opportunity to discuss these conditions in further detail and express our appreciation to the staff for their assistance during the examination.

This report is intended solely for the use of management and the Utah State Auditors Office and should not be used for any other purpose.

Sincerely,

  
WILSON & COMPANY  
Certified Public Accountants



# CEDAR CITY

P.O. Box 249  
10 North Main • Cedar City, UT 84721  
435-586-2950 • Fax 435-586-4362  
[www.cedarcity.org](http://www.cedarcity.org)

Mayor  
Gerald R. Sherratt

Council Members  
Dale Brinkerhoff  
Joe Burgess  
Raymond A. Green  
John Westwood  
Steve Wood

City Manager  
Jim C. Allan

January 17, 2006

Wilson & Company  
360 West 200 North  
Cedar City, UT 84720

Dear Wilson & Company:

As a result of Cedar City Corporation's (the City's) June 30, 2005 fiscal year audit, the City responds as follows to the items in the management letter dated January 6, 2006.

## Bank Reconciliations

In the future, the City will journalize reconciling items in the general journal and specifically identify those items on the bank reconciliation.

## Application for Reimbursement of Federal Funds

A new City Grant Coordinator has been hired and new grant procedures have been instituted that will greatly assist the City in making timely reimbursement requests as well as in improving the overall grant coordination and management.

## Signature Cards

The signature cards for all City accounts have been updated with current employees as signers. As a matter of policy, signature cards will be updated immediately after a signer leaves City employment, and the City Council will be asked to approve any new check signers before they are added to the account.

## Opening and Closing of Cash Accounts

City staff notes that requiring City Council approval to open and close cash accounts could place constraints on the City Treasurer in her ability to adequately fulfilling her responsibilities to manage the City's investments due to the required two-week approval schedule. Thus, staff will discuss this recommendation with the City Council before adopting a formal procedure.

#### Negative Balances in Unrestricted Net Assets

As part of the City's fiscal year 2006 budget, a fee increase was adopted for most golf course services. This increase should assist in reversing the negative unrestricted net asset amount. The City will also continue to monitor the solvency of this fund.

#### Storm Drain Utility Fund Net Operating Loss

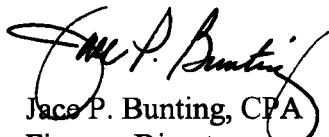
The net operating loss in the Storm Drain Utility Fund can be attributed to the significant costs associated with the preparations required for the extraordinarily high spring run off this past year. However, staff recognizes that this fund is marginal and requires close fiscal monitoring.

#### SID #1-77

During fiscal year 2005, the City made progress in collecting delinquent special improvement district assessments. A number of issues were resolved in relation to SID 92-1. Staff will continue to work on resolving these delinquent assessments including the three delinquent accounts in SID #1-77.

If the City can be of further assistance or provide additional information relative to these findings, please call me at 865-5104.

Sincerely,



Jace P. Bunting, CFA  
Finance Director